THEORY – 1

ENTREPRENEURSHIP and MANAGEMENT & SMART TECHNOLOGY

5TH SEMESTER, MECHANICAL

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Chapter – 1

ENTREPRENEURSHIP

❑ CONCEPT / MEANING OF ENTREPRENEURSHIP

❖ INTRODUCTION :

- The word **ENTREPRENEUR** originates from a thirteen century French verb ENTREPRENDER meaning to undertake or to do something.

- By the Sixteenth century, the noun form entrepreneur was being used to refer to someone who undertake a business venture.

- **RICHARD CANTILLON** made academic use of the word in 1730 and explained the willingness to bear the personal financial risk of a business venture as the defining characteristics of an **ENTREPRENEUR** .

- In 1800 economists **JEAN-BAPTISE SAY** and **JOHN STUART MILL** further popularized the academic usage of the word **ENTREPRENEUR** .

- **JOSEPH SCHUMPETER** stressed him as **ENTREPRENEUR** as an INNOVATOR.

- **KIRZNER** focused on **ENTREPRENEURSHIP AS A PROCESS OF DISCOVERY.**

- **ENTREPRENEURSHIP** is considered to be the combination of "ENTREPRENEUR" and "ENTERPRISE".

- **ENTREPRENEUR :** Entrepreneur is generally understood to be the owner of such an enterprise.

- **ENTERPRISE :** Enterprise is defined as a unit of economic activities or an economic organisation especially a business organisation.

- **ENTREPRENEURSHIP :**

▪ **Meaning :** The ability to bear risk of establishing a new enterprise, its direction, controlling, bring changes and innovations, creativity, taking corrective actions can be called an Entrepreneurship.

▪ DEFINITION :

1. **HOWARD JOHNSON** – Entrepreneurship is the composite of three basic elements i.e. invention, innovation and adaptation.

1. **PROF. RAO AND MEHTA** – Entrepreneurship can be described as creative and innovation response to the environment.

- **ENTREPRENEURSHIP :** Organising an enterprise is described as Entrepreneurship.

- **Entrepreneurship** is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of **entrepreneurship** is the starting of new businesses.

- More narrow definitions have described **entrepreneurship** as the process of designing, launching and running a new business, which is often initially a small business, **or** as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit."

CONCEPT OF ENTREPRENEURSHIP :-

- **ENTREPRENEURSHIP :** Refers to **process of action** an entrepreneur undertakes to establish his enterprise. It is concerned with the development and coordination of entrepreneurial functions.

- **ENTREPRENEUR** is described as an individual who takes risk to organise a business to make his career.

- One who undertakes a business venture by combining the resources for production is called an Entrepreneur.

- Entrepreneurs are not only born but entrepreneur can be made and anyone can become an Entrepreneur.

- Entrepreneurship is not a matter of heritage only, it is with the individuals who respond to external opportunities.

- **ENTREPRENEURSHIP & ENTREPRENEUR** are used synonymously but conceptually they are different.

- **ENTREPRENEUR** means the person who exercises initiative by organizing a venture to take the benefit of an opportunity and as the decision maker, decides what, how and how much of a good or services will be produced.

- **JOSEPH ALOIS SCHUMPETER** - (1883 – 1950)
- is known as **FATHER OF ENTERPRENEUR**

- **ENTREPRENEUR** are not necessarily motivated by profits but regard it as a standard for measuring achievement or success.

- **SCHUMPETER discovered that :-**

i. **Greatly value self reliance**

i. **Strive for distinction through excellence**

i. **Highly optimistic**

i. **Always favour challenges of medium risk**

- According to SCHUMPETER it is a creative or it is innovation function.

- The process of innovation may be in the form of :-

i. **Introduction of a new product**

ii. **Use of new method of production**

iii. **Opening of new market**

iv. **A new form of organisation**

- J. B. SAY called **ENTREPRENEUR** as an important agent of production who gets together all the factors of production.

- The **ENTREPRENEUR** is essentially a business leader and the **function** by him is **ENTREPRENEURSHIP.**

- It is concerned with the development and coordination of entrepreneurial function.,

- Nobel laureate THEODORE W. SCHULTZ : **ENTREPRENEURS** as all individual who took an initiative, assuming all the related risks and profits and established a productive machinery to meet consumer demand.

❑ NEED OF ENTREPRENEURSHIP

i. Proper utilization of resources
ii. Growth of an enterprise
iii. Minimising risk element
iv. For improving performance
v. Mobilization of talent
vi. Improving quality of goods
vii. Proper planning

❑ QUALITY OF AN ENTREPRENEUR :

A : PHYSICAL AND MENTAL QUALITIES :-

1) Sound Health and Stamina
2) Hardworking
3) Imaginative and Creative
4) Sharp Intelligence
5) Self Confidence and Clarity of Objectives
6) Optimist
7) Foresightedness
8) Effective Personality
9) Capacity to take Decision
10) Capacity to bear Risk

B : SOCIAL AND MORAL QUALITIES :-

1) Sociable
2) Cooperative
3) Politeness
4) Sound Character
5) Honesty
6) Loyal
7) Humanity
8) Management ability
9) Motivator
10) Secrecy
11) Technical knowledge
12) Communicator
13) Ability to mobilise the resources
14) Professional or Business Qualities

❑ ROLE/ SIGNIFICANCE/FUNCTION OF ENTREPRENEURSHIP :-

➢ MANAGERIAL FUNCTIONS :-

a) Planning
b) Organising
c) Decision making
d) Staffing
e) Directing
f) Leadership
g) Communication
h) Motivation
i) Supervision
j) Coordinating
k) Controlling

Function # 1. Decision Making:

- The primary task of an entrepreneur is to decide the policy of production.
- An entrepreneur is to determine what to produce, how much to produce, how to produce, where to produce, how to sell and' so forth.
- Moreover, he is to decide the scale of production and the proportion in which he combines the different factors he employs.
- In brief, he is to make vital business decisions relating to the purchase of productive factors and to the sale of the finished goods or services.

Function # 2. Management Control:

- Earlier writers used to consider the management control one of the chief functions of the entrepreneur.
- Management and control of the business are conducted by the entrepreneur himself.
- So, the latter must possess a high degree of management ability to select the right type of persons to work with him.
- But, the importance of this function has declined, as business nowadays is managed more and more by paid managers.

Function # 3. Division of Income:

- The next major function of the entrepreneur is to make necessary arrangement for the division of total income among the different factors of production employed by him.
- Even if there is a loss in the business, he is to pay rent, interest, wages and other contractual incomes out of the realised sale proceeds.

Function # 4. Risk -Taking and Uncertainty - Bearings:

- Broadly, there are two kinds of risk which he has to face.
- **Firstly,** there are some risks, such as risks of fire, loss of goods in transit, theft, etc., which can be insured against.
- These are known as measurable and insurable risks.
- **Secondly,** some risks, however, cannot be insured against because their probability cannot be calculated accurately.
- These constitute what is called uncertainty (e.g., competitive risk, technical risk, etc.). The entrepreneur undertakes both these risks in production.

Function # 5. Innovation:

- Another distinguishing function of the entrepreneur, as emphasised by Schumpeter, is to make frequent inventions — invention of new products, new techniques and discovering new markets — to improve his competitive position, and to increase earnings.

❑ FEATURES OF ENTREPRENEURSHIP :-

i. **Economic Activity** : **Setting and running of a enterprise and concerned with production and distribution.**
ii. **Innovative** activity
iii. **MCCLELLAND stressed that entrepreneurs are highly motivated by challenges and highly competitive situations.**
iv. **Organisation function by bringing together various factors of production**
v. **Risk bearing function**
vi. **Must have managerial and leadership skill**
vii. **Decision making**

❑ CHARACTERISTICS OF ENTREPRENEURSHIP :-

1) Ability to innovate
2) Economic activity
3) Risk bearing capacity
4) In search of opportunities
5) Organisation creation
6) Result of high achievements/ Ambitions
7) Based on principles not on intuition
8) Professional activity
9) Result of changes
10) Entrepreneur is a behaviour not a personality trait
11) Essential in all types of business
12) Essential in all activities
13) Different types of entrepreneurship
14) It is global phenomenon
15) Independent life style

❑ TYPES OF ENTREPRENEUR :

➢ In a study of American agriculture, **CLARENCE DANHOF** has **classified** **ENTREPRENEURS** in the following categories :-

CLARENCE DANHOF CLASSIFICATION (1949)

1. **INNOVATIVE ENTREPRENEUR**
2. **IMITATIVE OR ADOPTIVE ENTREPRENEUR**
3. **FABIAN ENTREPRENEUR**
4. **DRONE ENTREPRENEUR**

1. INNOVATIVE ENTREPRENEURS :

i. Sees the opportunity for introducing a new technique/ new product/new market.

ii. SCHUMPETER'S entrepreneur was of this type.

iii. Aggressive in experimentation.

- Innovative Entrepreneur is one who assembles and synthesis information and introduces new combinations of factors of production.
- These entrepreneurs sense the opportunities for introduction new ideas, new technology, new markets and creating new organisations.
- Innovative entrepreneurs are very much helpful for their country because they bring about a transformation in life style.

2. IMITATIVE ENTREPRENEURS :

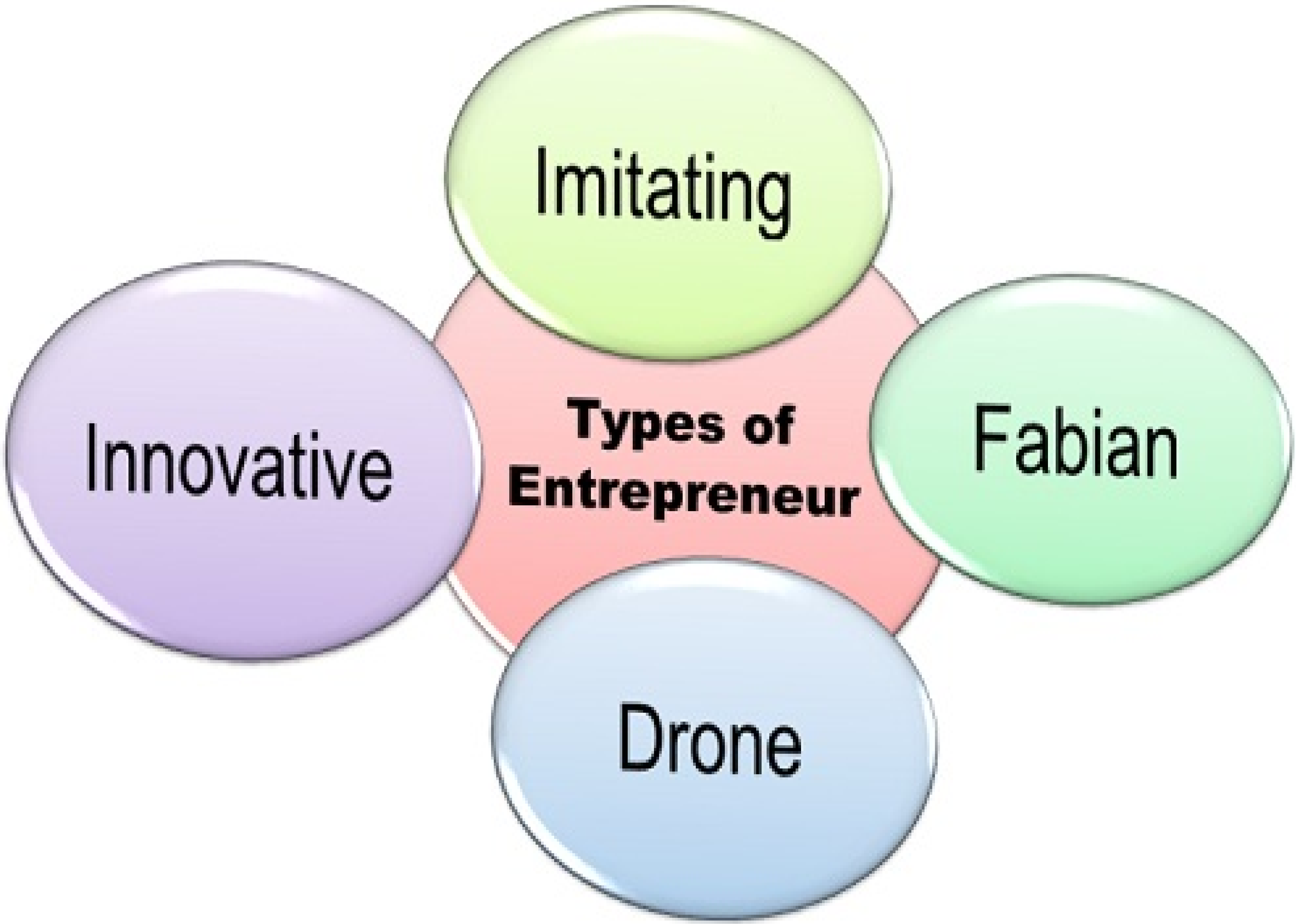
- Also known as ADOPTIVE ENTREPRENEUR.
- Simply adopts successful innovations created by innovative entrepreneur and they are revolutionary and important.
- Help to transform the system with the limited resources available.
- These entrepreneurs imitate (follow or copy) the existing entrepreneurs and setup their enterprise in the manner.
- Instead of innovating, they just imitate the technology and methods innovated by others.
- These entrepreneurs are very helpful in less developed countries as they contribute significantly in the growth of enterprise and entrepreneurial culture in these countries.
- They generate ample employment avenues for the youth and therefore they are treated as agent of economic development.

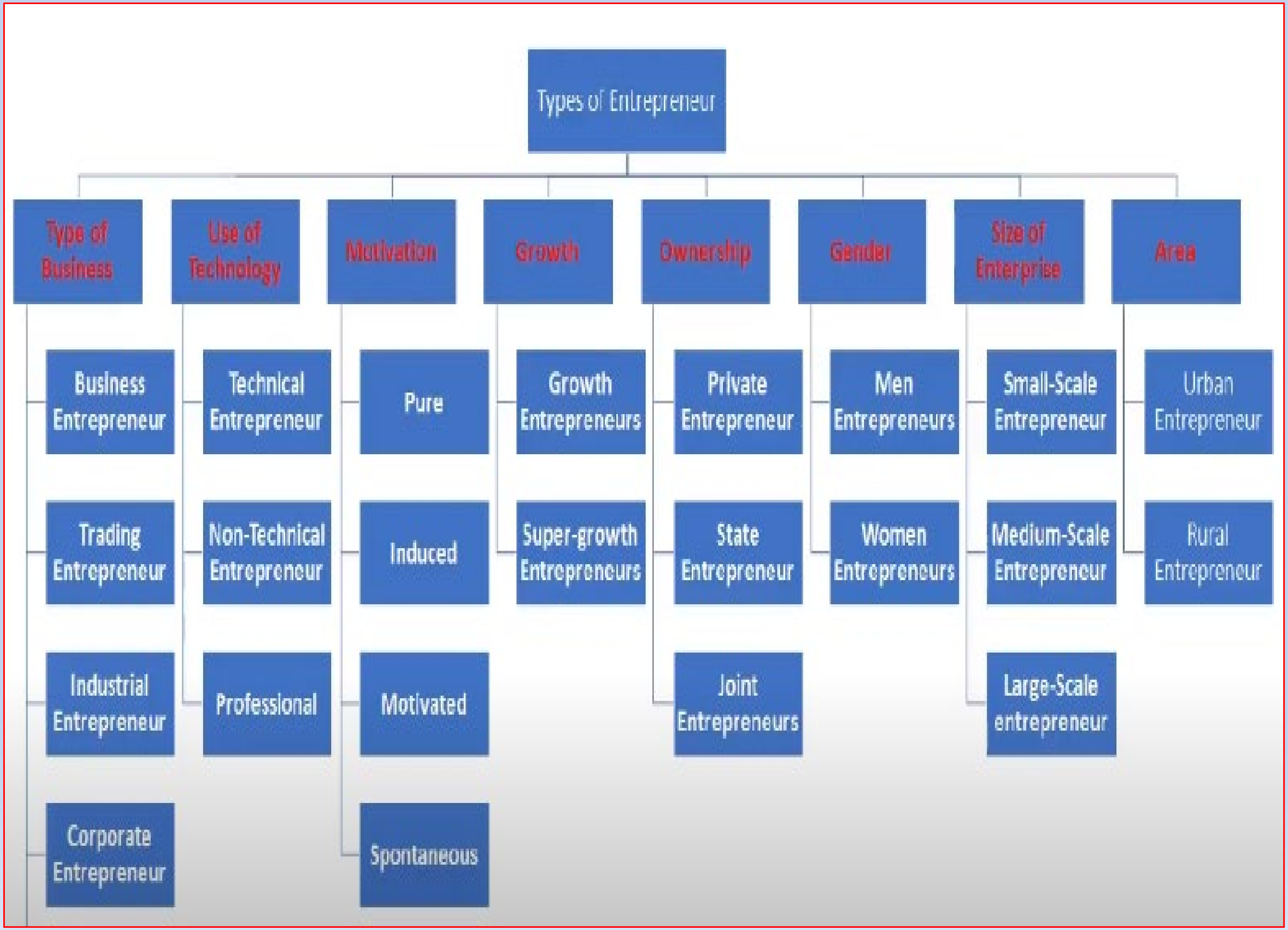
3. FABIAN ENTREPRENEURS :

- The Fabian entrepreneur is timid (lack of courage or confidence / easily frightened / fearful) and cautious.
- He imitates other innovations only if he is certain that failure to do so may damage his business.
- They are very much skeptical (not easily convinced / having doubts) in their approach in adopting or innovating new technology in their enterprise.
- They are not adaptable to the changing environment.
- They love to remain in the existing business with the age - old techniques of production.
- They only adopt the new technology when they realize that failure to adopt will lead to loss or collapse of the enterprise.

➢4. DRONE ENTREPRENEURS :

- ➢ These entrepreneurs are conservative or orthodox in outlook.
- ➢ They never like to get rid of their traditional business and traditional machinery or systems of the business.
- ➢ They always feel comfortable with their old fashioned technology of production even though the environment as well as the society have undergo considerable changes.
- ➢ Thus, drone entrepreneurs refuse to adopt the changes.
- ➢ They are laggards as they continue to operate in their traditional way and resist changes.
- ➢ His entrepreneurial activity may be restricted to just one or two innovations.
- ➢ They refuse to adopt changes in production even at the risk of reduced returns.


Imitating
Innovative
Types of Entrepreneur
Fabian
Drone


Types of Entrepreneur
Type of Business
Use of Technology
Motivation
Growth
Ownership
Gender
Size of Enterprise
Area
Business Entrepreneur
Trading Entrepreneur
Industrial Entrepreneur
Corporate Entrepreneur
Technical Entrepreneur
Non-Technical Entrepreneur
Professional
Pure
Induced
Motivated
Spontaneous
Growth Entrepreneurs
Super-growth Entrepreneurs
Private Entrepreneur
State Entrepreneur
Joint Entrepreneurs
Men Entrepreneurs
Women Entrepreneurs
Small-Scale Entrepreneur
Medium-Scale Entrepreneur
Large-Scale entrepreneur
Urban Entrepreneur
Rural Entrepreneur

❖TYPES OF ENTREPRENEURS :

1. According to the type of business :

i) BUSINESS ENTREPRENEURS :-

Who start business units after developing ideas for new products / services.

ii) TRADING ENTREPRENEURS :-

Who undertake buying and selling of goods but not engage in manufacturing.

iii) CORPORATE ENTREPRENEURS :-

Who establish and manage corporate form of organisation which have separate legal existance.

iv) AGRICULTURAL ENTREPRENEURS :-

Who undertake activities like raising and marketing of corps, fertilizers and other allied activities.

2. ACCORDING TO THE USE OF TECHNOLOGY :

i) **TECHNICAL ENTREPRENEURS :-**

Who are task oriented and craftsman type.

They prefer doing to thinking.

ii) **NON-TECHNICAL ENTREPRENEURS :-**

Who are not concerned with technical slide, but rather with marketing and promotion.

iii) **PROFESSIONAL ENTREPRENEURS :-**

Who start a business unit, but later sell the running business and start a new unit later.

3. ON THE BASIS OF MOTIVATION :

i) PURE ENTREPRENEURS :-

Who is an individual and is motivated by psychological and economic rewards. He undertakes an entrepreneurial activity for his personal satisfaction, ego and status.

ii) INDUCED ENTREPRENEURS :-

Who is induced to take up entrepreneurial role by the assistance and policy of government including incentives, subsides, concession and necessary overhead facilities to start the venture.

iii) MOTIVATED ENTREPRENEURS :-

New entrepreneurs are motivated by the desire for fulfilment. They come into being because of the possibility of making and marketing some new product for the use of customers. If the product is developed to saleable stage, the entrepreneur is further motivated by reward in terms of profit.

iv) SPONTANEOUS ENTREPRENEURS :-

They are persons with initiative, boldness and confidence in their ability which motivate them to undertake entrepreneurial activity. Such entrepreneurs have a strong conviction and confidence in their inborn ability.

4. On the basis of growth :

The industrial units are identified as high growth, medium growth and low growth industries and as such we have 'Growth Entrepreneur' and 'Super Growth Entrepreneur.'

i) GROWTH ENTREPRENEURS :-

- He necessarily takes up a high growth industry and chooses an industry which has sustained growth prospects.
- The term **entrepreneurial growth** means organization plans to achieve its objective to grow and expand a business by its quality, quantity, and turnover. **Entrepreneurial growth** can be in terms of innovators, business developers, radicals, expanders, customers etc.
- **Growth-oriented entrepreneurs (GOEs)** have different attitudes and goals for their ventures. They usually know at the outset that they want to grow their business. **Growth**-oriented **entrepreneurs** have recognized a market opportunity and have decided to create and grow an enterprise (profit or non-profit) to pursue it.

ii) SUPER - GROWTH ENTREPRENEURS :-

This category of entrepreneurs is those who have shown **enormous growth** of performance in their venture.

The growth performance is identified by the **high turnover of sales, liquidity of funds, and profitability.**

5. ON THE BASIS OF OWNERSHIP :

i) PRIVATE ENTREPRENEURS :-

A private entrepreneur is one who as an **individual** sets up a business enterprise. He / She it's the **sole owner** of the enterprise and **bears the entire risk** involved in it.

ii) STATE ENTREPRENEURS :-

When the trading or industrial venture is undertaken by the **State or the Government**, it is called **'State Entrepreneur."**

iii) JOINT ENTREPRENEURS :-

When a **private entrepreneur** and **the Government** jointly run a business enterprise, it is called **'Joint Entrepreneurs.'**

6. BASED ON GENDER :

i) MEN ENTREPRENEURS :-

When business enterprises are owned, managed and controlled by men, these are called 'MEN ENTREPRENURES.'

ii) WOMEN ENTREPRENEURS :-

'WOMEN ENTREPRENEURS' are the enterprises owned and controlled by a woman or women having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of employment generated in the enterprises to women.

7. ON THE SIZE OF ENTERPRISE :

i) SMALL-SCALE ENTREPRENEURS :-

An entrepreneur who has made investment in plant and machinery **up to Rs 1.00 crore.**

ii) MEDIUM-SCALE ENTREPRENEURS :-

The entrepreneur who has made investment in plant and machinery above Rs 1.00 crore **but** below Rs 5.00 crore.

iii) LARGE-SCALE ENTREPRENEURS :-

The entrepreneur who has made investment in plant and machinery **more than Rs 5.00 crore.**

8. ACCORDING TO THE AREA :

i) URBAN ENTREPRENEURS :-

ii) RURAL ENTREPRENEURS :-

9. ACCORDING TO AGE:

i) YOUNG ENTREPRENEURS :-

ii) MIDDLE-AGED ENTREPRENEURS :-

ii) OLD ENTREPRENEURS :-

10. According to the Entrepreneur & Stages of Development :

i) First-Generation Entrepreneur:

A first-generation entrepreneur is one who starts an industrial unit by **innovative skill.** He is essentially an **innovator**, combining different technologies to produce a marketable product or service.

ii) Modern Entrepreneur:

A modern entrepreneur is one who undertakes those ventures, which go well along with the **changing demand** in the market. They undertake those ventures, which suit the **current marketing needs.**

iii) Classical Entrepreneur:

A classical entrepreneur is one who is concerned with the customers and marketing needs through the **development of a self-supporting venture.** He is a stereotype entrepreneur whose aim is to maximise his economic returns at a level consistent with the survival of the firm with or without an element of growth.

❑ BARRIERS IN ENTREPRENEURSHIP:

#1. FINANCES:

- We are all bustling (full of activity) with ideas that are unique and can make for an amazing business start-up.

- But no matter how good your idea is, you will always need **stable finances** and **funding** from the investors to begin the process and take the **first step** towards your journey of entrepreneurship.

- And getting a sound financial investment or funding can be one of the **biggest Barriers** to Entrepreneurship as many of banks, private investors, angel investors, and organizations find it **quite difficult** to believe in the start-up ideas owing to the **risk of failure** and **losing their money**.

#2. FEAR OF NOT TO BE A SUCCESS :

- We all go through the **fear of failure**. And if the fear is associated with the risks and stakes taken in the stream of business and entrepreneurship, the level of fear elevates.
- There is a fear if we are on the right track, **is the idea** worthwhile, **will there** be profit, **will I** find investors, and various such **fears** and **tensions** act as the Barriers to Entrepreneurship.

#3. NO STRATEGIC PLAN IN PLACE :

- Lack of proper **planning** and **strategy** in place is one of the **most common** Barriers to Entrepreneurship.
- Many of us think to build a business out of a hobby **without** having any sort of long term and short term **vision** and **plan** in mind.
- Running a fully-fledged business or being an entrepreneur requires a huge amount of **skill set**, passion for excelling, strategic vision, the mission to accomplish the **goals**, **market research**, and a lot more.
- Right from the **target market**, finances, human resources, to **a proper strategic plan** is required to build a successful business or a **brand** in the market.

#4. HUMAN RESOURCE ISSUES :

- Entrepreneurs cannot handle and run a business **alone** by themselves.
- We require the support of **human resource** to carve a niche in the market.
- Employees with the required knowledge, expertise, and experience are needed for the **efficiency** of the business processes and high levels of productivity.
- **First of all**, it is **quite difficult** to find the employees that share the **same vision** and **wavelength** of the business.
- Plus paying a hefty annual or even a monthly retainer income is a problem of the start up's as the finances at hand are always limited, and the overheads and expenses are also to be taken care of.
- And **secondly**, it is also difficult to manage human resources as each of us work with a **different mindset** and **perspective**.
- Hence, human resources and employees can be as one of the Barriers to Entrepreneurship.

#5. STRINGENT RULES AND REGULATIONS OF THE MARKET :

- It is **not very easy** for entrepreneurs to enter the new market as there are quite many **rules** and **regulations** imposed by the government authorities.

- Plus there are various **laws** and **compliances** to be adhered to such as taxation, environmental regulations, licenses, property rights, and much more than act as the Barriers to Entrepreneurship.

- Some of the countries have many **corrupt officials** that act as a hindrance for the new entrepreneurs and start-up brands to start or expand their business in the new market.

- And if the brand is planning to expand its business operations in any of the foreign countries, it gets even **more difficult**.

#6. FEWER OPPORTUNITIES:

- **Even though there is a lot of talent pool in the market with the aspiring entrepreneurs buzzing (**practice of creating an excitement among the users and the consumers about a particular product, service, brand or the company) **with the ideas, but the opportunities presented to them are quite less and fewer.**
- **Reasons such as nepotism (**family relationship) **and corruption act as the Barriers to Entrepreneurship with not many vital and lucrative (**create a large volume of income) **opportunities.**

#7. LACK OF CAPACITY :

- **Even if there are opportunities presented to the aspiring entrepreneurs, there is a lack of capacity in some them to embrace the opportunities with open arms.**
- **The reasons can vary from lack of knowledge, lack of education, lack of willingness, lack of strategic knowledge, and cultural hindrances amongst others; but the factor of motivation and zeal gets missing.**
- **To start a new business venture amidst all the risks and market-related issues, it requires a lot of hard work, passion, and high capacity to handle all of it.**

#8. LESS MARKET EXPERIENCE:

- The experts always mention that one should **never rush** in setting up a business.
- It is quite necessary to gain a relative amount of **work experience** by working in the industry domain or sector of choice and as per the education levels.
- It also helps to sharpen the required expertise and find the ground in the career graph.
- Once the person is **ready to take risks** and have a relative amount of **market exposure**, he is ready to take the entrepreneurial plunge.

#9. LACK OF RISK-TAKING CAPACITY:

- It is always said that entrepreneurs **never sail in safe waters** and are never confined to their comfort zones.
- **Lack of risk-taking capacity** is the psychological mindset and perspective towards the business and acts as one of the **major Barriers to Entrepreneurship**.
- The **budding** (just beginning) entrepreneur has to have a structured and organized approach towards the various business elements and **should risks** rather than averting (turn away) them.

#10. CORRUPT BUSINESS SITUATIONS:

- As mentioned earlier, if the business situations and the environment are **not very supportive** and **corrupt** for the young and aspiring entrepreneurs, it acts as one of the top Barriers to Entrepreneurship.
- Bribing (dishonesty), rampant (spreading or flourishing) corruption, unfriendly ties of government with other nations, inconsistent laws, stringent compliances (rigorous), and enforcing regulations that are unhealthy and negative in their approach hamper the growth of businesses in the country.
- Russia is one of the examples of having an unhealthy and unsupportive business environment.

#11. INADEQUATE TRAINING:

- With no proper education, development, training, entrepreneurial skills, and technical know-how acts as the Barriers to Entrepreneurship.

#12. LACK OF PRACTICAL KNOWLEDGE:

- Having a **strong educational background** is **just not enough** to pursue business as it requires **practical knowledge** as well to stay relevant **amidst** (**surround**) the various market cycles.
- And many entrepreneurs **lack practical knowledge**.

ENTREPRENEURS vs MANAGERS

- The main difference between Entrepreneur and Manager is their role in the organization.
- An entrepreneur is a visionary that converts an idea into a business.
- He is the owner of the business, so he bears all the financial and other risks.
- A manager, on the other hand, is an employee, he works for a salary.

- An entrepreneur is a one-man show that runs entrepreneurship.
- However, such a person usually has some unique attributes that allow him to be successful in his endeavors.
- He is essentially an initiator and a leader.
- He brings business ideas to fruition thus starting off his venture.

- A successful entrepreneur is usually a responsible person.

- He is accountable for the success or the failure of his venture, and he takes this responsibility very seriously.

- And since he is the only person in-charge he is automatically the leader.
- In fact, leadership qualities are one of the main aspects of an entrepreneur.

- A **MANAGER**, on the other hand, is **not an owner** of an enterprise.

- Instead, he is the one that is **responsible** for the **management** and **administration** of a group of people or a department of the organization.

- His day to day job is to **manage** his employees and ensure the organization runs smoothly.

- A **manager** must possess some of the **same qualities** as an entrepreneur, like **leadership**, **accountability**, **decisiveness** etc.
- He must also be a **good manager** of people.

- So qualities such as **warmth** and **empathy** are also very important in a manager.

Entrepreneur vs Manager

Entrepreneur	Manager
Entrepreneur is visonary and bears all financial risks.	Manager works for salary, and does not have to bear any risks.
Focuses on starrting and expanding the business ideas	Focus on daily smooth functioning of business
Key motivation for Entrepreneur is achievments	Mangers motivation comes from the power that comes with their position
Reward for all the efforts is profit he earns from the enterprise	Remuneration is the salary he draws from the company
Entrepreneur can be informal and casual	Manager's approach to every problem is very formal

Entrepreneur vs Manager

Point of Distinction	Entrepreneur	Manager
1. Venture	An entrepreneur sets up a new enterprise or undertakes a venture for his personal gratification.	A manager does not take a new venture and renders services in an existing enterprise.
2. Riskbearing	An entrepreneur assumes risk of economic uncertainty involved in the enterprise.	A manager does not assume or share any risk involved in the enterprise he is serving.
3. Reward	The reward of an entrepreneur for his risk-bearing role is profits. It is not only uncertain and irregular but can at times be negative also.	The reward of a manager for rendering his services is salary which unlike profits is fixed and regular and can never be negative.
4. Continuity	Entrepreneurial activities are discontinuous appearing to initiate change in the production process and then disappearing until another change is initiated.	Managerial activities are mainly continuous involving an ongoing coordination of business operations.

Point of Distinction	Entrepreneur	Manager
5. Innovation	In order to maximise the profits, the entrepreneur applies innovation from time to time in the enterprise. Therefore, an entrepreneur is also called a change agent.	On the contrary, a manager simply keeps running the enterprise on already established lines on a routine basis. That is why a manager is called the product of change brought about by the entrepreneur.
6. Status-Role	An entrepreneur is his own boss and enjoys an independent status as the owner of the enterprise. [redacted]	By contrast, a manager is a servant i.e. salaried person serving in the enterprise of some one else i.e. the entrepreneur. [redacted]

Entrepreneur Vs Manager

Entrepreneur	Manager
Owner - An entrepreneur is the owner of his own business.	**Servant** - A manager is a servant of his employer.
Profits - An entrepreneur earns profits from his business which is uncertain and unlimited.	**Salary** - A manager earns salary which is generally certain and limited.
Full Risk Bearing - An entrepreneur is a person who has to take high risks for starting and running venture.	**Less or No Risk Bearing** - A manager takes less or no risk while performing his job.
All Functions - An entrepreneur has to look after all the functions of his organization.	**Selective Functions** - A manger looks after selective functions of an organization.
Innovator - An entrepreneur is always an innovator, in the lookout for new products and services.	**Executor** - A manager is simply an executor who is responsible for executing the decisions of the owner and entrepreneur.

Characteristic	Entrepreneur	Manager
Behaviour Characterized by	Desire for Control	Delegation of Authority
Management Style	One-Man Show	Management Team
Driving Force	Creativity - Innovation	Establish and Preserve the Status Quo
Organizational Growth	Rapid Reaction	Strategic Planning
Organization Structure	Informal, Flexible	Organized
Decision-Making	Intuitive	Collect Information and Seek Advice
Definition of Aims	In terms of "Vision"	In Commercial Terms
Attitude to Money	A By-Product	Measure of Success
Attitude to Risk	Calculated Risks	Avoidance of Risks
Organizational Culture	"Entrepreneurial Culture"	"Management Culture"

DISTINCTIVE FEATURES BETWEEN ENTREPRENEURS AND MANAGERS
SESSION 3

ENTREPRENEUR

- To see an opportunity
- Risk taking
- Tactical Planning
- Interpersonal communication
- Negotiating
- Trouble Shooting
- Making it a growing concern
- Innovator
- Motivator
- Determined
- Idealist
- Committed
- Visionary
- Planner

MANAGERS

- Setting of Objectives
- Policy formulation
- Strategic Planning
- Formal communication
- Organizing
- Motivating
- Controlling
- Administrator
- Skills
- Confident
- Specialist
- Loyal
- Planner
- Implementer

Characteristic differences between Entrepreneur & Manager

Characteristic	Entrepreneur	Manager
Behavior Characterized by	Desire for Control	Delegation of Authority
Management Style	One-Man Show	Management Team
Driving Force	Creativity - Innovation	Establish and Preserve the Status Quo
Organizational Growth	Rapid Reaction	Strategic Planning
Organization Structure	Informal, Flexible	Organized
Decision-Making	Intuitive	Collect Information and Seek Advice
Definition of Aims	In terms of "Vision"	In Commercial Terms
Attitude to Money	A By-Product	Measure of Success
Attitude to Risk	Calculated Risks	Avoidance of Risks
Organizational Culture	"Entrepreneurial Culture"	"Management Culture"

Table 1.1 Entrepreneur vs Professional Manager

Characteristic	Entrepreneur	Manager
Behaviour characterized by	Desire for control	Delegation of authority
Management style	One-man show	Management team
Driving force	Creativity–innovation	Establish and preserve the status quo
Organizational growth	Rapid reaction	Strategic planning
Organization structure	Informal, flexible	Organized
Decision-making	Intuitive	Collect information and seek advice
Definition of aims	In terms of 'vision'	In commercial terms
Attitude to money	A by-product	Measure of success
Attitude to risk	Calculated risks	Avoidance of risks
Organizational culture	Entrepreneurial culture	Management culture

FORMS OF BUSINESS OWNERSHIP

- **Business organization is the single-most important choice you'll make regarding your company.**
- **What form your business adopts will affect a multitude of factors, many of which will decide your company's future.**
- **Aligning your goals to your business organization type is an important step, so understanding the pros and cons of each type is crucial.**

Your company's form will affect:

> How you are taxed **> Your legal liability**

> Costs of formation **> Operational costs**

- **There are 7 main types of business organization:**

(1) Sole proprietorship **(2) Partnership**

(3) Joint Hindu family business **(4) Cooperative societies**

(5) Joint stock company **(6) Corporation**

(7) Limited Liability Company or LLC.

1. SOLE PROPRIETORSHIP

- The word SOLE means Single or One.
- The word PROPRIETOR means Owner.
- A Sole Proprietorship, therefore is a business owned by one person.
- The oldest, simplest and most common form of business ownership.
- Sole proprietorship is a business owned and run by someone for their own benefit.
- The business' existence is entirely dependent on the owner's decisions, so when the owner dies, so does the business.
- A business owned and operated by a single individual -- and the most common form of business structure in the United States.

Advantages of Sole proprietorship:

1) **Easy to Start** : Very few requirements for starting, often only a business license. Hence very easy to setup a business.
2) **Profit** : All profits are subject to the owner.
3) **Flexibility**: sole proprietor have total flexibility when running the business.
4) **Quick decision making:** A sole proprietor enjoys considerable degree of freedom in making business decisions and the decision making is prompt because there is no need to consult others.
5) **Confidentiality of information or Business Secrecy:** Sole decision making authority enables the proprietor to keep all the information related to business operations confidential and maintain business secrecy.
6) **Easy Dissolution:** Business can be dissolved or come to an end at any time without any formalities as No permission from any authorities is needed.

Disadvantages of Sole proprietorship:

1) **Limited Financial Resources:** Resources of a sole proprietor are limited to his/her personal savings and borrowings from others.

2) **Uncertain Future or Limited life of a business concern:**

The sole proprietorship business is owned and controlled by one person, so death, insanity, imprisonment, physical ailment or bankruptcy of a proprietor affects the business and can lead to its closure.

3) **Unlimited liability:** If the business fails, the creditors can recover their dues not merely from the business assets, but also from the personal assets of the proprietor. A poor decision or an unfavorable circumstance can create serious financial burden on the owner. That is why a sole proprietor is less inclined to take risks in the form of innovation or expansion. Owner is 100% liable for business debts.

4) Limited managerial ability: The owner has to assume the responsibility of varied managerial tasks such as purchasing, selling, financing, etc. It is rare to find an individual who excels in all these areas. Thus decision making may not be balanced in all the cases. Also, due to limited resources, sole proprietor may not be able to employ and retain talented and ambitious employees.

5) Small Business: The sole-proprietor can not start a big business.

6) No separate legal entity: Equity is limited to the owner's personal resources. Both the sole-proprietor and his business are taken to be one unit. If any one wants to file a case in the name of the sole-proprietorship business , he has to file a case in the name of the proprietor.

7) Lack of public faith and confidence: As there is uncertainty on the continuance of this type of business, people may not have faith and confidence on the business as well as owner.

2. PARTNERSHIP

- There are two basics forms of partnerships:
  (a) general and (b) limited.
- The partnership form of business organization is governed by the Indian Partnership Act, 1932.
- In general partnerships: both owners invest their money, property, labor, etc. to the business and are both 100% liable for business debts.
- In other words, even if you invest a little into a general partnership, you are still potentially responsible for all its debt.
- General partnerships do not require a formal agreement—partnerships can be verbal or even implied between the two business owners.
- Limited partnerships: require a formal agreement between the partners.
- They must also file a certificate of partnership with the state.
- Limited partnerships allow partners to limit their own liability for business debts according to their portion of ownership or investment.

- Partnership is the relation between persons competent to make contracts who have agreed to carry on a lawful business in common with a view to private gain. (L H Haney)

- Partnership is the relation which subsists between persons who have agreed to combine their property, labour or skill in some business and to share the profits therefrom between them. (The Indian Contract Act 1872)

- The Indian Partnership Act, 1932 defines partnership as "the relation between persons who have agreed to share the profit of the business carried on by all or any one of them acting for all."

ADVANTAGES OF PARTNERSHIPS:

1) Ease of formation and closure:

- A partnership firm can be **formed easily** by putting an **agreement (articles of partnership)** between the prospective partners into place whereby they agree to carryout the business of the firm and share risks. **Closure** of the firm too is an **easy task**. very little government regulations, so less paper work.
- Similar **flexibility** and **simple design** of a sole-proprietorship.
- Inexpensive to establish a **business partnership**, **formal** or **informal**.

2) More funds: **Shared resources** provides **more capital** for the business. Each partner **shares the total profits** of the company. **greater availability of financing** as compared to sole-proprietor.

3) Sharing of risks: The risks involved in running a partnership firm are shared by all the partners. This reduces the anxiety, burden and stress on individual partners.

4) Balanced decision making: combined knowledge and skills –

using the strengths of each partner for better business decision-making.

5) Secrecy: A partnership firm is not legally required to publish its accounts and submit its reports. Hence it is able to maintain confidentiality of information (business secrecy) relating to its operations.

6) Continuity: Partnership is characterized by lack of continuity of business since the death, retirement, insolvency or insanity of any partner can bring an end to the business. However, the remaining partners may if they so desire continue the business on the basis of a new agreement.

DISADVANTAGES:

1) Unlimited liability:
- Partners are liable to repay debts even from their personal resources in case the business assets are not sufficient to meet its debts.
- all business debts are personal debts;
- Each partner is 100% responsible for debts and losses.

2) Limited resources:
- There is a restriction on the number of partners (minimum 2 and maximum 50), and hence contribution in terms of capital investment is usually not sufficient to support large scale business operations.
- As a result, partnership firms face problems in expansion beyond a certain size.

3) Possibility of conflicts:

- **reconciling partner disagreements and action -- each partner is responsible for the actions of all the others;**
- **Partnership is run by a group of persons where in decision making authority is shared. Difference in opinion on some issues may lead to disputes between partners. Further, decisions of one partner are binding on other partners.**
- **Thus an unwise decision by some one may result in financial ruin for all others.**

4) Lack of public confidence:

- **A partnership firm is not legally required to publish its financial reports or make other related information public.**
- **It is, therefore, difficult for any member of the public to ascertain the true financial status of a partnership firm.**
- **As a result, the confidence of the public in partnership firms is generally low. Selling the business is difficult—requires finding new partner.**

5) Sharing of profits:

- All money earned has to be shared and distributed to the partners per the articles of partnership, where as hard work on your part may be the crucial factor in the success of the business.

Lack of continuity:

- Partnership comes to an end with the death, retirement, insolvency (not able to pay debt) or lunacy (mentally ill) of any partner. It may result in lack of continuity.
- However, the remaining partners can enter into a fresh agreement and continue to run the business.

6) Limited lifespan: The partnership ends when a partner dies or withdraws.

- In case a partner desires to leave the firm, this can result in termination of partnership as there is a restriction on transfer of ownership.

3. JOINT HINDU FAMILY BUSINESS

- Joint Hindu family business is a specific form of business organisation found only in India.
- It is one of the oldest forms of business organisation in the country.
- It refers to a form of organisation wherein the business is owned and carried on by the members of the Hindu Undivided Family (HUF).
- It is governed by the Hindu Law.
- The basis of membership in the business is birth in a particular family and three successive generations can be members in the business.
- The business is controlled by the head of the family who is the eldest member and is called "karta".
- All members have equal ownership right over the property of an ancestor and they are known as co-parceners.

Advantages of the joint Hindu family business

(i) Effective control: The karta has absolute decision making power. This avoids conflicts among members as no one can interfere with his right to decide. This also leads to prompt and flexible decision making.

(ii) Continued business existence: The death of the karta will not affect the business as the next eldest member will then take up the position. Hence, operations are not terminated and continuity of business is not threatened.

(iii) Limited liability of members: The liability of all the co-parceners except the karta is limited to their share in the business, and consequently their risk is well-defined and precise.

(iv) Increased loyalty and cooperation: Since the business is run by the members of a family, there is a greater sense of loyality towards one other. Pride in the growth of business is linked to the achievements of the family.

DISADVANTAGES OF JOINT HINDU FAMILY BUSINESS

(i) Limited resources: The joint Hindu family business faces the problem of **limited capital** as it depends mainly on **ancestral property**. This limits the scope for expansion of business.

(ii) Unlimited liability of karta: The **karta** is burdened not only with the responsibility of **decision making** and **management** of business, but also suffers from the disadvantage of having unlimited liability. His personal property can be used to repay business debts.

(iii) Dominance of karta: The **karta** individually manages the business which may at times **not be acceptable** to other members. This may cause **conflict** amongst them and may even **lead to break down** of the family unit.

(iv) Limited managerial skills: Since the **karta** **cannot be an expert** in all areas of management, His **inability to decide** effectively may result into **poor profits** or **even losses** for the organisation.

4. COOPERATIVE SOCIETY

- The word cooperative means working together and with others for a common purpose.
- The cooperative society is a voluntary association of persons, who join together with the motive of welfare of the members.
- The cooperative society is compulsorily required to be registered under the Cooperative Societies Act 1912 with minimum consent of ten adult persons to form a society.
- "Cooperative is a form of organisation wherein persons voluntarily associate together as human beings on the basis of equality for the promotion of an economic interest for themselves". (E. H. Calvert)
- Cooperative organisation is "a society which has its objectives for the promotion of economic interests of its members in accordance with cooperative principles." (The Indian Cooperative Societies Act 1912.)

- Cooperative society is usually started by middle class or lower middle class or the weaker section of the society belonging to a particular area to protect their economic interest against the exploitation of rich and powerful businessman.

Features or the characteristics of a cooperative society

(i) **Voluntary membership:** The membership of a cooperative society is voluntary. A person is free to join a cooperative society, and can also leave anytime as per his desire with prior notice. Membership is open to all, irrespective of their religion, caste, and gender.

(ii) **Legal status:** Registration of a cooperative society is compulsory. This accords a separate identity to the society which is distinct from its members. The society can enter into contracts and hold property in its name, sue (institute legal proceedings against (a person or institution)) and be sued by others.

(iii) Limited liability: The liability of the members of a cooperative society is **limited to the extent of the amount contributed by them as capital**. This defines the **maximum risk** that a member can be asked to bear.

(iv) Control: In a cooperative society, the **power to take decisions** lies in the hands of an **elected managing committee**. The right to **vote** gives the members a chance to choose the members who will constitute the managing committee and this lends the cooperative society a **democratic** character.

(v) Service motive: The cooperative society through its purpose lays emphasis on the **values of mutual help** and **welfare**. Hence, the **motive of service** dominates its working. If any **surplus** is generated as a result of its operations, it is **distributed amongst the members** as dividend in conformity with the **byelaws** of the society.

MERITS/ADVANTAGES

- The cooperative society offers many benefits to its members.
- Some of the advantages of the cooperative form of organisation are as follows.
- (i) Equality in voting status: The principle of 'one man one vote' governs the cooperative society. Irrespective of the amount of capital contribution by a member, each member is entitled to equal voting rights.
- (ii) Limited liability: The liability of members of a cooperative society is limited to the extent of their capital contribution. The personal assets of the members are, therefore, safe from being used to repay business debts.

- **(iii) Stable existence:** **Death, bankruptcy (**person is unable to pay their bills) **or insanity (**mental illness, madness**) of the members do not affect continuity of a cooperative society. A society, therefore, operates unaffected by any change in the membership.**
- **(iv) Economy in operations: The members generally offer honorary services to the society. As the focus is on elimination of middlemen, this helps in reducing costs. The customers or producers themselves are members of the society, and hence the risk of bad debts is lower.**
- **(v) Support from government: The cooperative society exemplifies the idea of democracy and hence finds support from the Government in the form of low taxes, subsidies, and low interest rates on loans.**
- **(vi) Ease of formation: The cooperative society can be started with a minimum of ten members. The registration procedure is simple involving a few legal formalities. Its formation is governed by the provisions of Cooperative Societies Act 1912.**

LIMITATIONS/DISADVANTAGES

- The cooperative form of organisation suffers from the following limitations:

- (i) Limited resources: Resources of a cooperative society consists of capital contributions of the members with limited means. The low rate of dividend offered on investment also acts as a deterrent (a thing that discourages) in attracting membership or more capital from the members.
- (ii) Inefficiency in management: Cooperative societies are unable to attract and employ expert managers because of their inability to pay them high salaries. The members who offer honorary services on a voluntary basis are generally not professionally equipped to handle the management functions effectively.

- (iii) Lack of secrecy: As a result of open discussions in the meetings of members as well as disclosure obligations as per the Societies Act (7), it is difficult to maintain secrecy about the operations of a cooperative society.
- (iv) Government control: In return of the privileges offered by the government, cooperative societies have to comply with several rules and regulations related to auditing of accounts, submission of accounts, etc. Interference in the functioning of the cooperative organisation through the control exercised by the state cooperative departments also negatively affects its freedom of operation.
- (v) Differences of opinion: Internal quarrels arising as a result of contrary viewpoints may lead to difficulties in decision making. Personal interests may start to dominate the welfare motive and the benefit of other members may take a backseat if personal gain is given preference by certain members.

TYPES OF COOPERATIVE SOCIETIES

- Various types of cooperative societies based on the nature of their operations are described below:

(1) Consumer's cooperative societies

(2) Producer's cooperative societies

(3) Marketing cooperative societies

(4) Farmer's cooperative societies

(5) Credit cooperative societies

(6) Cooperative housing societies

(1) Consumer's Cooperative Societies:

- The consumer cooperative societies are formed to protect the interests of consumers.
- The members comprise of consumers desirous of obtaining good quality products at reasonable prices.
- The society aims at eliminating middlemen to achieve economy in operations.
- It purchases goods in bulk directly from the wholesalers and sells goods to the members, thereby eliminating the middlemen.
- Profits, if any, are distributed on the basis of either their capital contributions to the society or purchases made by individual members.
- Example – AMUL (Diary products)

(2) Producer's Cooperative Societies:

- These societies are set up to protect the interest of small producers.
- The members comprise of producers desirous of procuring inputs for production of goods to meet the demands of consumers.
- The society aims to fight against the big capitalists and enhance the bargaining power of the small producers.
- It supplies raw materials, equipment and other inputs to the members and also buys their output for sale.
- Profits among the members are generally distributed on the basis of their contributions to the total pool of goods produced or sold by the society.

(3) Marketing Cooperative Societies:

- Such societies are established **to help small producers in selling their products.**
- The members consist of producers who wish to obtain reasonable prices for their output.
- The society aims to eliminate middlemen and improve competitive position of its members by securing a favorable market for the products.
- It pools the output of individual members and performs marketing functions like **transportation**, **warehousing**, **packaging**, etc., to sell the output at the best possible price.
- Profits are distributed according to each member's contribution to the pool of output.

(4) Farmer's Cooperative Societies:

- These societies are established to protect the interests of farmers by providing better inputs at a reasonable cost.
- The members comprise farmers who wish to jointly take up farming activities.
- The aim is to gain the benefits of large scale farming and increase the productivity.
- Such societies provide better quality seeds, fertilizers, machinery and other modern techniques for use in the cultivation of crops.
- This helps not only in improving the yield and returns to the farmers, but also solves the problems associated with the farming on fragmented land holdings.

(5) Credit Cooperative Societies:

- Credit cooperative societies are established for providing easy crediton (to deserve credit) reasonable terms to the members.
- The members comprise of persons who seek financial help in the form of loans.
- The aim of such societies is to protect the members from the exploitation of lenders who charge high rates of interest on loans.
- Such societies provide loans to members out of the amounts collected as capital and deposits from the members and charge low rates of interest.

(6) Cooperative Housing Societies:

- Cooperative housing societies are established to help people with limited income to construct houses at reasonable costs.
- The members of these societies consist of people who are desirous of procuring residential accommodation at lower costs.
- The aim is to solve the housing problems of the members by constructing houses and giving the option of paying in installments.
- These societies construct flats or provide plots to members on which the members themselves can construct the houses as per their choice.

5. JOINT STOCK COMPANY

- When many persons start a business , it may be a Joint Stock Company.
- Joint Stock Companies are most popular form of business organisation not only in INDIA but also WORLD wide.
- Joint Stock Companies in INDIA are governed and regulated by an Act in the Parliament known as

  "The Indian Companies Act, 1956".

- According to this Act, a Joint Stock Company has been defined as " A Company limited by shares, having a permanent paid-up nominal share capital of fixed amount, divided in to shares also of fixed amount, held and transferable as Stock and formed on the principles of having in its members of those Shares or Stock and no other person."

- A Joint Stock Company is a business owned by its investors, with each investor owning a share based on the amount of stock purchased. Joint-stock companies are created in order to finance endeavors that are too expensive for an individual or even a government to fund.

- A Joint Stock Company is a company made up of a group of shareholders. In the early 1600s, however, a risky new form of joint stock venture arose and became extremely important— the joint stock company for colonization (establishment of control over another country) of the New World.

- A company in which the liability of members or subscribers of the company is limited to what they have invested or guaranteed to the company.

- According to Lord Justice Lindley of England,

  " Joint Stock Company is an association of many persons who contribute money or moneys worth to a common stock and employ it for a common purpose."

- The common Stock so contributed is denoted in money and is the CAPITAL of the company.
- The persons who contribute it or to whom it belongs are the MEMBERS.
- The proportion of capital to which each member is entitled in his SHARE.

- Joint Stock Company can ordinarily defined as, "an artificial person created by law, having a distinctive name with a common seal, a common capital with limited liabilities and with perpetual succession."

MERITS/ ADVANTAGES JSC:

- The company form of organisation offers a multitude of advantages, some of which are discussed below:-

(i) Limited liability: The shareholders are liable to the extent of the amount unpaid on the shares held by them. Also, only the assets of the company can be used to settle the debts, leaving the owner's personal property free from any charge. This reduces the degree of
risk borne by an investor.

(ii) Transfer of interest: The ease of transfer of ownership adds to the advantage of investing in a company as the share of a public limited company can be sold in the market and as such can be easily converted into cash in case the need arises. This avoids blockage of investment and presents the company as a favourable avenue for investment purposes.

(iii) Perpetual existence: Existence of a company is not affected by the death, retirement, resignation, insolvency or insanity of its members as it has a separate entity from its members. A company will continue to exist even if all the members die. It can be liquidated only as per the provisions of the Companies Act, 2013.

(iv) Scope for expansion: As compared to the sole proprietorship and partnership forms of organisation, a company has large financial resources. Further, capital can be attracted from the public as well as through loans from banks and financial institutions. Thus there is greater scope for expansion. The investors are inclined to invest in shares because of the limited liability, transferable ownership and possibility of high returns in a company.

(v) Professional management: A company employ people who are experts in their area of specialisations (specialists)as able to afford pay higher salaries. Each department deals with a particular activity and is headed by an expert. This leads to balanced decision making as well as greater efficiency in the company’s operations.

LIMITATIONS/DISADVANTAGES OF JSC:

- The major limitations of a company form of organisation are as follows:

(i) Complexity in formation: The formation of a company requires greater time, effort and extensive knowledge of legal requirements and the procedures involved. As compared to sole proprietorship and partnership form of organisations, formation of a company is more complex.

(ii) Lack of secrecy: The Companies Act requires each public company to provide from time-to-time a lot of information to the office of the registrar of companies. Such information is available to the general public also. It is, therefore, difficult to maintain complete secrecy about the operations of company.

(iii) Impersonal work environment:

- Separation of ownership and management leads to situations in which there is **lack of effort** as well as **personal involvement** on the part of the officers of a company.
- The **large size** of a company further makes it **difficult** for the **owners** and **top management** to maintain personal contact with the employees, customers and creditors.

(iv) Numerous regulations:

- The functioning of a company is subject to **many legal provisions** and **compulsions.**
- A company is burdened with **numerous restrictions** in respect of aspects including **audit**, **voting**, **filing of reports** and **preparation of documents**, and is required to obtain **various certificates** from different agencies, viz., **registrar**, **SEBI**, etc.
- This **reduces the freedom of operations** of a company and takes away **a lot of time**, **effort** and **money**.

(v) Oligarchic management:

- In theory, a company is a democratic institution wherein the Board of Directors are representatives of the shareholders who are the owners.
- In practice, however, in most large sized organisations having a multitude of shareholders; the owners have minimal influence in terms of controlling or running the business.
- It is so because the shareholders are spread all over the country and a very small percentage attend the general meetings.
- The Board of Directors as such enjoy considerable freedom in exercising their power which they sometimes use even contrary to the interests of the shareholders.
- Dissatisfied shareholders in such a situation have no option but to sell their shares and exit the company.
- As the directors virtually enjoy the rights to take all major decisions, it leads to rule by a few.

(vi) Delay in decision making:

- **Companies are democratically managed through the Board of Directors which is followed by the top management, middle management and lower level management.**
- **Communication as well as approval of various proposals may cause delays not only in taking decisions but also in acting upon them.**

(vii) Conflict in interests:

- **There may be conflict of interest amongst various stakeholders of a company.**
- **The employees, for example, may be interested in higher salaries, consumers desire higher quality products at lower prices, and the shareholders want higher returns in the form of dividends and increase in the intrinsic value of their shares.**
- **These demands pose problems in managing the company as it often becomes difficult to satisfy such diverse interests.**

TYPES OF COMPANIES

- A company can be either a private or a public company.
- These two types of companies are discussed in detail in the following paragraphs.

(1) PRIVATE COMPANY

- A private company means a company which:

(a) restricts the right of members to transfer its shares.

(b) has a minimum of 2 and a maximum of 200 members, excluding the present and past employees.

(c) does not invite public to subscribe to its securities and It is necessary for a private company to use the word private limited after its name.

- If a private company contravenes any of the aforesaid provisions, it ceases to be a private company and loses all the exemptions and privileges to which it is entitled.

(2) PUBLIC COMPANY

- A public company means a company which is not a private company.
- As per The Companies Act, a public company is one which:

(a) has a minimum of 7 members and no limit on maximum members.

(b) has no restriction on transfer securities; and

(c) is not prohibited from inviting the public to subscribe to its securities.

- However, a private company which is a subsidiary of a public company is also treated as a public company.

- The following are some of the privileges of a private limited company as against a public limited company:

1. A private company can be formed by only two members where as seven people are needed to form a public company.
2. There is no need to issue a prospectus as public is not invited to subscribe to the shares of a private company.
3. Allotment of shares can be done without receiving the minimum subscription. A private limited company can start business as soon as it receives the certificate of incorporation.
4. A private company needs to have only two directors as against the minimum of three directors in the case of a public company. However the maximum number of directors for both types of companies is fifteen.
5. A private company is not required to keep an index of members while the same is necessary in the case of a public company.

❑ Difference between a Public Company and Private Company

Basis	Public company	Private company
Members	Minimum - 7 Maximum - unlimited	Minimum - 2 Maximum - 200
Minimum number of directors	Three	Two
Index of members	Compulsory	Not compulsory
Transfer of shares	No restriction	Restriction on transfer
Invitation to public to subscribe to shares	Can invite the public to subscribe to its shares or debentures	Cannot invite the public to subscribe to its securities
Examples	Oil India Ltd., BPCL, IOCL, SBI, HMT Ltd., GAIL, SAIL, VSNL, BSNL, MTNL etc.	Facebook, Snapdeal, Ola, Flipkart, Reliance, ICICI, Vodafone, , HDFC etc.

CHOICE OF FORM OF BUSINESS ORGANISATION

- It is evident that each form has certain advantages as well as disadvantages.
- It, therefore, becomes vital that certain basic considerations are kept in mind while choosing an appropriate form of organisation.
- The important factors determining the choice of organisation are listed in Table

Factor	Most advantageous	Least advantageous
Availability of capital	Company	Sole proprietorship
Cost of formation	Sole proprietorship	Company
Ease of formation	Sole proprietorship	Company
Transfer of ownership	Company (except private company)	Partnership
Managerial skills	Company	Sole proprietorship
Regulations	Sole proprietorship	Company
Flexibility	Sole proprietorship	Company
Continuity	Company	Sole proprietorship
Liability	Company	Sole proprietorship

Table 2.5 Comparative Evaluation of Forms of Organisation

Basis of comparison	Sole proprietorship	Partnership	Joint Hindu family business	Cooperative society	Company
Formation	Minimal legal formalities, easiest formation	Registration is optional, easy formation	Less legal formalities, exemption from registration, easy formation	Registration compulsory, greater legal formalities	Registration compulsory, lengthy and expensive formation process
Members	Only owner	Minimum-2 Maximum: [Banking-0 Others-20]	At least two persons for division of family property, no maximum limit	At least 10 adults, no maximum limit	Minimum Private-2 Public Company-7 Private Company-50 Public Company-unlimited
Capital contribution	Limited finance	Limited but more than that can be raised in case of sole proprietorship	Ancestral property	Limited	Large financial resources
Liability	Unlimited	Unlimited and joint	Unlimited *(Karta)*, Limited (Other members)	Limited	Limited
Control and management	Owner takes all decisions, quick decision making	Partners take decisions, consent of all partners is needed	Karta takes decisions	Elected representative, i.e., managing committee takes decisions	Separation between ownership and management
Continuity	Unstable, business and owner regarded as one	More stable but affected by status of partners	Stable business, continues even if *karta* dies	Stable because of separate legal status	Stable because of separate legal status

- A joint stock company defined as, “ An association engaged in a business for profit with ownership interests represented by shares of stock”.
- A joint stock company is financed with capital invested by the members or stockholders who receive transferable shares, or stock. It is under the control of certain selected managers called directors.
- A joint stock company is a form of partnership, possessing the element of personal liability where each member remains financially responsible for the acts of the company. It is not a legal entity separate from its stockholders.
- A joint stock company differs from a partnership in that the latter is composed of a few persons brought together by shared confidence. Partners are not free to retire from the firm or to substitute other persons in their place without prior assent of all the partners. A partner's death causes the dissolution of the firm.

- In contrast, a joint stock company consists of a large number of stockholders who are unacquainted with each other. A change in membership or a transfer of stock has no effect on the continued existence of the company and the death of a stockholder does not result in its dissolution. Unlike partners in a partnership, a stockholder in a joint stock company has no agency relationship to the company or any of its members.
- A joint stock company is similar to a corporation in that both are characterized by perpetual succession where a member is allowed to freely transfer stock and introduce a stranger in.
- The South Sea Company, a joint stock company formed in London in 1711. Joint stock companies are a form of partnership in which each member, or stockholder, is financially responsible for the acts of the company.

- The transfer has no effect on the continuation of the organization since both a joint stock company and a corporation act through a central management, board of directors, trustees, or governors. Individual stockholders have no authority to act on behalf of the company or its members.
- A joint stock company differs from a corporation in certain respects. A corporation exists under a state charter, while a joint stock company is formed by an agreement among the members. The existence of a joint stock company is based upon the right of individuals to contract with each other and, unlike a corporation, does not require a grant of authority from the state before it can organize.
- While members of a corporation are generally not held liable for debts of a corporation, the members of a joint stock company are held liable as partners.
- In a legal action, a corporation sues and is sued in its corporate name, but a joint stock company sues and defends in the name of a designated officer.

What is another word for Joint-Stock Company?

Limited Liability Company	Company
corporation	enterprise
firm	limited company
PLC	public limited company
LLC	Ltd.

6. CORPORATION

- The term *Joint-Stock Company* is virtually synonymous with a *Corporation*, *Public Company*, or just plain *Company*, except for a historical association with unlimited liability. That is, a modern corporation is a joint-stock company that has been incorporated in order to **limit shareholder liability**.

- **Definition:**
- A **business** that is a legal entity **created by the state** whose assets and liabilities are separate from its owners.

- While there are also public corporations -- who stock (and ownership) are traded on a public stock exchange –

- most small businesses are (or at least start as) private corporations.

- A private corporation is owned by a small group of people who are typically involved in managing the business.

- Forming a corporation requires developing a legal document called the "Articles of Incorporation" and submitting them to the state in which the corporation wishes to reside.

- Corporations are, for tax purposes, separate entities and are considered a legal person.

- This means, among other things, that the profits generated by a corporation are taxed as the "personal income" of the company.

- Then, any income distributed to the shareholders as dividends or profits are taxed again as the personal income of the owners.

Advantages of a Corporation:

- Limits liability of the owner to debts or losses.
- Profits and losses belong to the corporation.
- Can be transferred to new owners fairly easily.
- Personal assets cannot be seized to pay for business debts.
- The advantages of a corporation include limited liability -- an owner (stockholder) can only lose up to the amount she/he invested.
- Unlimited lifespan -- a corporation is charted to last forever unless its articles of incorporation state otherwise.
- Great sources of funding.
- Ease of transfer of ownership.

Disadvantages of Corporation:

- Corporate operations are costly.
- Establishing a corporation is costly.
- Start a corporate business requires complex paperwork.
- With some exceptions, corporate income is taxed twice.
- Disadvantages include double taxation.
- The corporation, as a legal entity, must pay taxes.
- Shareholders also pay taxes on any dividends received.

7. LIMITED LIABILITY COMPANY (LLC)

- Limited liability companies (LLC) are referred to as entities with corporate structures where the members (shareholders) of which cannot be held personally liable for the company's debts or liabilities meaning that only the assets of the business itself are at risk.

- For this reason this type of company is considered to be "limited liability", while combining characteristics of a corporation and a partnership as limited liability feature is similar to that of a corporation and the availability of flow-through taxation to the members is a feature of partnerships.

- LLC as a viable option, when the person wishes to establish a trading company or a small business locally or internationally, within certain limits.

- Technically, limited liability companies cannot be publicly traded. However, LLCs have a flexible tax structure that allows them to be taxed as a partnership. Because of this feature, an LLC can structure itself as a publicly traded partnership and trade ownership interest on a securities exchange.

Definition:

- Similar to a limited partnership, an LLC provides owners with limited liability while providing some of the income advantages of a partnership.

- Essentially, the advantages of partnerships and corporations are combined in an LLC, mitigating some of the disadvantages of each.

- A form of ownership that is growing in popularity in the United States.

- LLCs provides limited liability and are taxed as a partnership or sole proprietorship (depending on the number of members).

- This type of business formation -- formed by submitting articles of organization to the state in which the company resides -- is growing rapidly because it is flexible, simple to run, and does not require all the paperwork of corporations.

Advantages of an LLC:

- Limits liability to the company owners for debts or losses.
- The profits of the LLC are shared by the owners without double-taxation.

Disadvantages of an LLC:

- Ownership is limited by certain state laws.
- Agreements must be comprehensive and complex.
- Beginning an LLC has high costs due to legal and filing fees.

TYPES OF INDUSTRY

- INDUSTRY :
  - An industry is the making of goods or providing of services.

- INDUSTRIAL :
  - Industrial means having to do with making goods.

  - Societies organize the production and distribution of goods and services to meet their needs.

  - There are four types of industry.

  - These are Primary, Secondary, Tertiary and Quaternary.
  - According to raw materials used, products and level of production.

Industry has 4 sectors...

Primary

Secondary

Tertiary

Quaternary

1. PRIMARY INDUSTRY

- Primary, Secondary and Tertiary sectors.
- These are three main types of industry in which firms operate.
- These sectors form a chain of production which provides customers with finished goods or services.
- Primary industry involves the retrieval and production of raw materials, such as corn, coal, wood and iron.

Primary Industry

- Primary sector of industry is also called extraction.
- It generally involves changing natural resources into primary products.
- Most products from this sector are considered raw materials for other industries.

➢Primary / Processing Industries:

➢ Industries involved in the exploitation of natural resources (i.e. agricultural, fishing, mining, forestry) or processing raw materials into more useful and valuable form which are used in making final products i.e. coffee pulp factories, cotton ginneries, milk diaries, sugar factories, saw mills. Leather tanneries, posho mills, sisal factories, abattoirs.

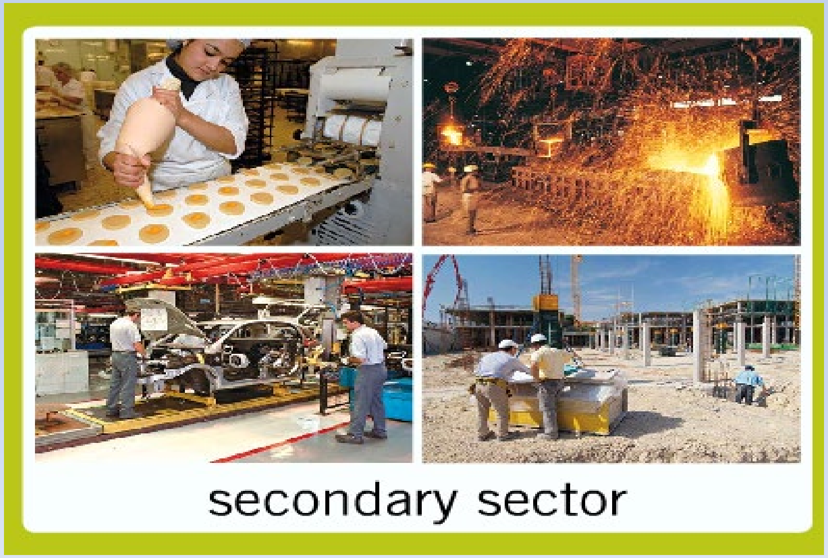
2. SECONDARY / MANUFACURING INDUSTRIES

- Ones which rely on **processed goods** to make **final products** **or** which make final products directly from raw materials i.e. **sweet industries, bread, cement factories, oil refineries, cigarette making, pulp and paper industries,** etc.

- Some secondary industries use **raw materials** directly to make **final products** i.e. **crude oil**.

- **Secondary industry sector** involves the **transformation of raw** or **intermediate materials** into goods e.g. manufacturing steel into **cars**, or textiles into **clothing**. (A builder and a dressmaker would be workers in the secondary sector.)

- The **secondary industry sector** includes **steel production**, **automobile manufacturing**, and **telecommunications**, amongst others. This is the key sector that has the potential to **change world economies**.



- The secondary sector (manufacturing) produces finished, usable products.

- This sector of industry generally takes the output of the primary sector and manufactures finished goods or where they are suitable for use by other businesses, for expert, or sale to domestic consumers.
- Some examples of secondary sector are :

1) Aerospace manufacturing (7) Metal working
2) Automobile manufacturing (8) Tobacco industry
3) Energy industry (9) Brewing industry
4) Electronics engineering (10) Chemical industry
5) Clothing industry (11) Steel production
6) Software engineering

- This sector often divided in to light industry and heavy industry.

3. TERTIARY / SERVICE INDUSTRIES

- The tertiary sector of industry is also known as the Service sector or the Service Industry.
- It involves the provision of services to business as well as final consumers.
- Industries involved in providing services and don't produce tangable goods i.e. transport, communication, trade, banking, tourism, administration, education, medical, etc
- They distribute commodities that have been produced in the primary and secondary industry to the consumers. (distribution and sale of goods from producers to customers)

- Goods may be transformed in the process of providing a service, as happens in the restaurants industry or in the equipment repair.
- However the focus is on interacting with people and serving the customer rather than transforming physical goods.

- **Some examples of tertiary industry are:**

(1) News media
(2) Leisure industry/ Hotels
(3) Consulting
(4) Healthcare/ Hospitals
(5) Waste disposals
(6) Estate agents
(7) Business services
(8) Restaurants
(9) Education
(10) law and Order
(11) Local Government Services
(12) Central Government Services


TERTIARY SECTOR
PRIMARK
GEORGE
TESCO
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Types of Transport: Ground transport


Tertiary Sector
(aka "the Service Sector")
The Tertiary Sector is that part of the economy where businesses produce services.
Services are non-physical products that cannot be touched or stored like a haircut or a train journey
EXAMPLES: Transport, advertising, retail, teaching, Healthcare, hotels etc.
PRIMARK
GEORGE
TESCO
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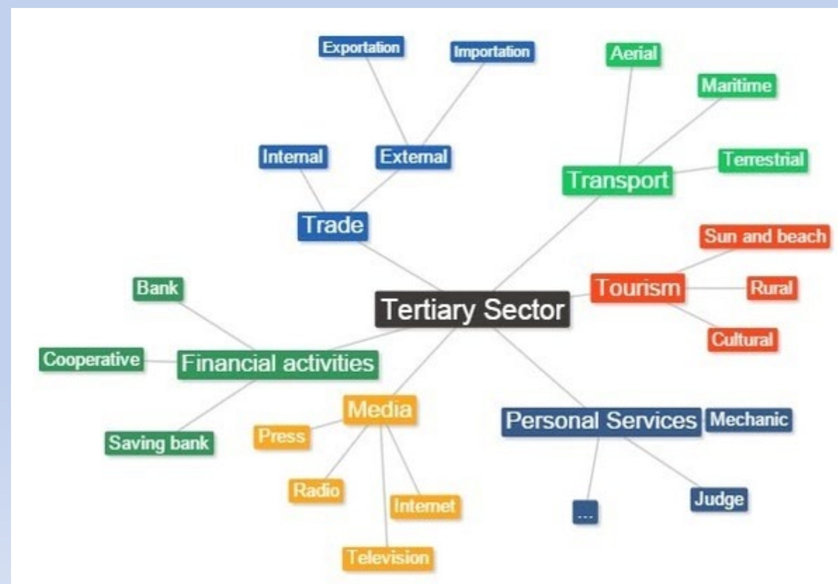

Tertiary Sector
Trade
Internal
External
Exportation
Importation
Transport
Aerial
Maritime
Terrestrial
Tourism
Sun and beach
Rural
Cultural
Financial activities
Bank
Cooperative
Saving bank
Media
Press
Radio
Internet
Television
Personal Services
Mechanic
Judge
...

More Examples of Services and Service Industry

1. **Health Care:** hospital, medical practice, dentistry, etc.
2. **Professional Services:** accounting, legal, architectural, research and innovation, consulting, management contracts, etc.
3. **Financial Services:** banking, investment advising, insurance, etc.
4. **Hospitality:** restaurant, hotel/motel, bed and breakfast, ski, etc.
5. **Travel:** airlines, travel agencies, theme park, etc.
6. **Public Service:** national security, defense, general admin., etc.
7. **Social Service:** politics, economic development, NGO/INGO, etc.
8. **Education:** education, counseling, coaching, teaching, etc.
9. **Others:** hair style, pest control, plumbing, lawn maintenance, counseling services, health club, etc.

4. QUATERNARY SECTOR

- The Quaternary Sector is the research industry.

- Industrial research looks for new ways to cut costs, find new markets, produce new ideas, new production methods and methods of manufacture.

Quaternary Sector

- The **quaternary sector of the economy** is a way to describe a knowledge based-part of the economy - which typically includes **information services** such as **Information Technology, research** and **development.**

Information Technology

Research & Development

Quaternary Sector

- The **quaternary** sector consists of those industries providing information services, such as computing, ICT (information and communication technologies), consultancy (offering advice to businesses) and R&D (research, particularly in scientific fields).
- It is know as the knowledge-based sector of the economy. The quaternary sector is sometimes included with the tertiary sector, as they are both service sectors.

COTTON IN THE FASHION INDUSTRY...

PRIMARY

Cotton is grown and picked on a cotton farm

SECONDARY

Cotton is processed to cloth, which is, in turn, sewn in to clothing.

TERTIARY

Cotton clothes (eg jeans, shirts etc) are sold in high street shops.

Primary jobs

Miner

Fisherman

Farmer

Oil rigger

Secondary jobs

Carpenter (joiner)

Factory worker

Ship builder

Tertiary jobs

Hairdresser, Shop worker

Teacher, Builder

Carpenter, Chef

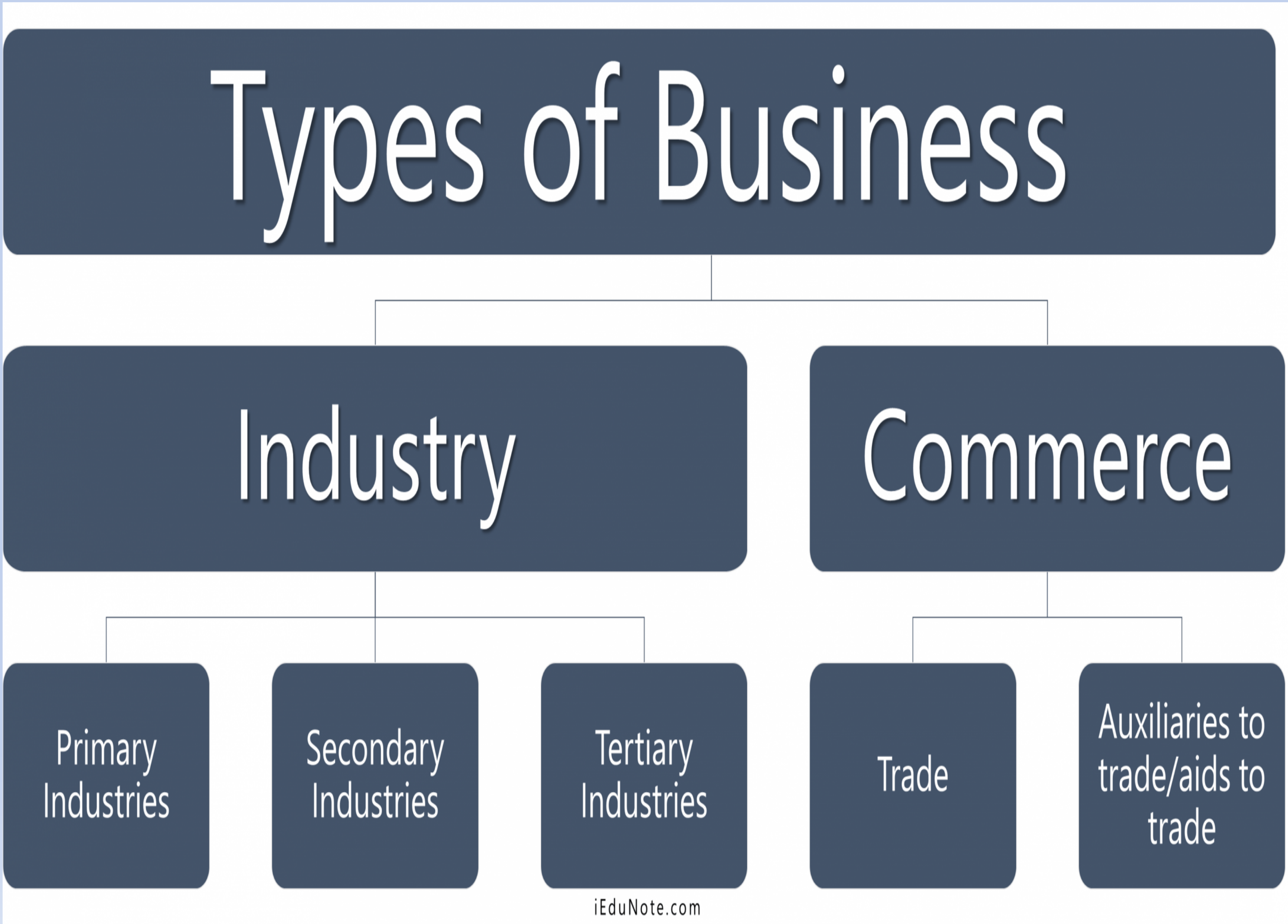
Mechanic, Premiership footballer

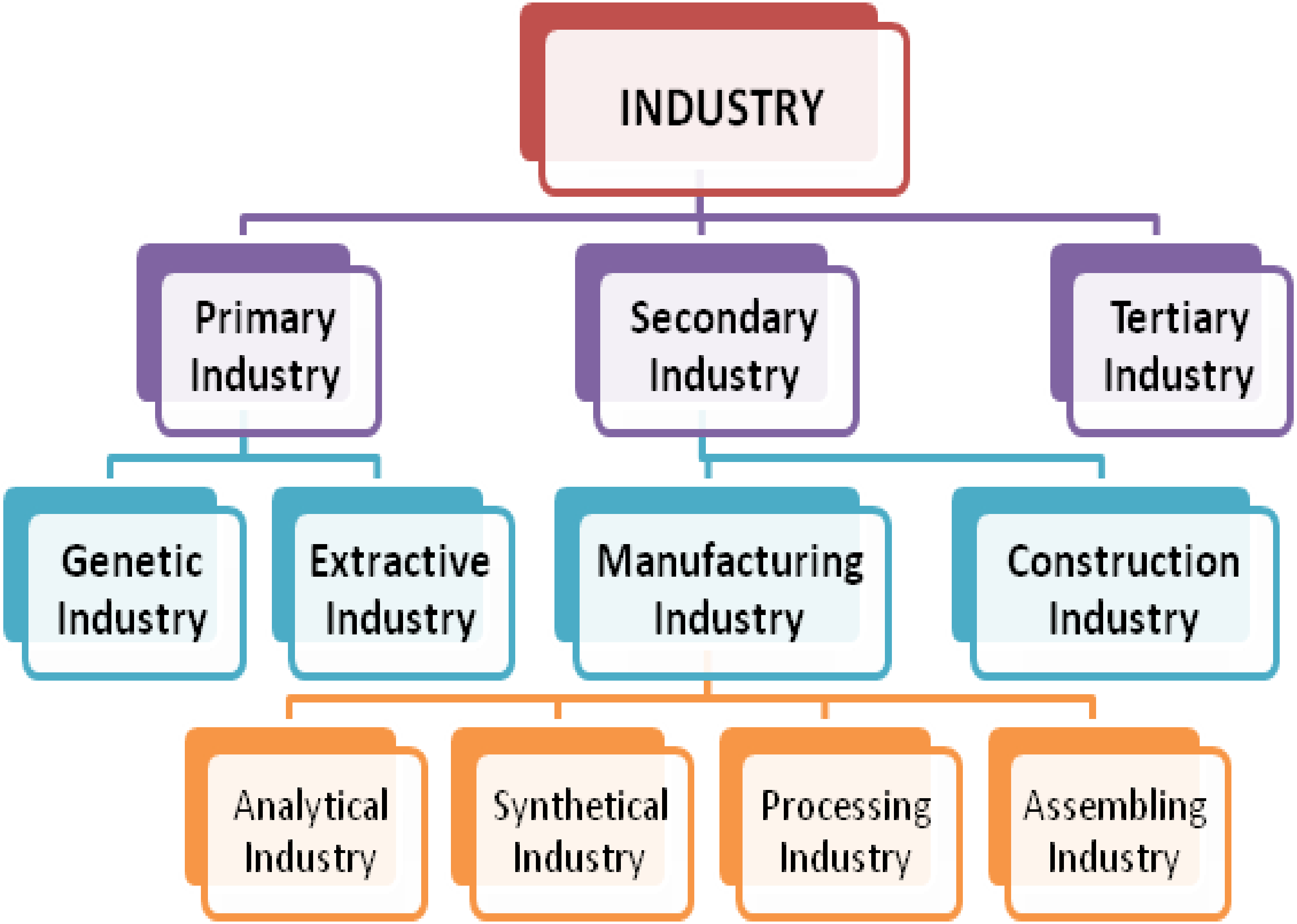
Quaternary jobs

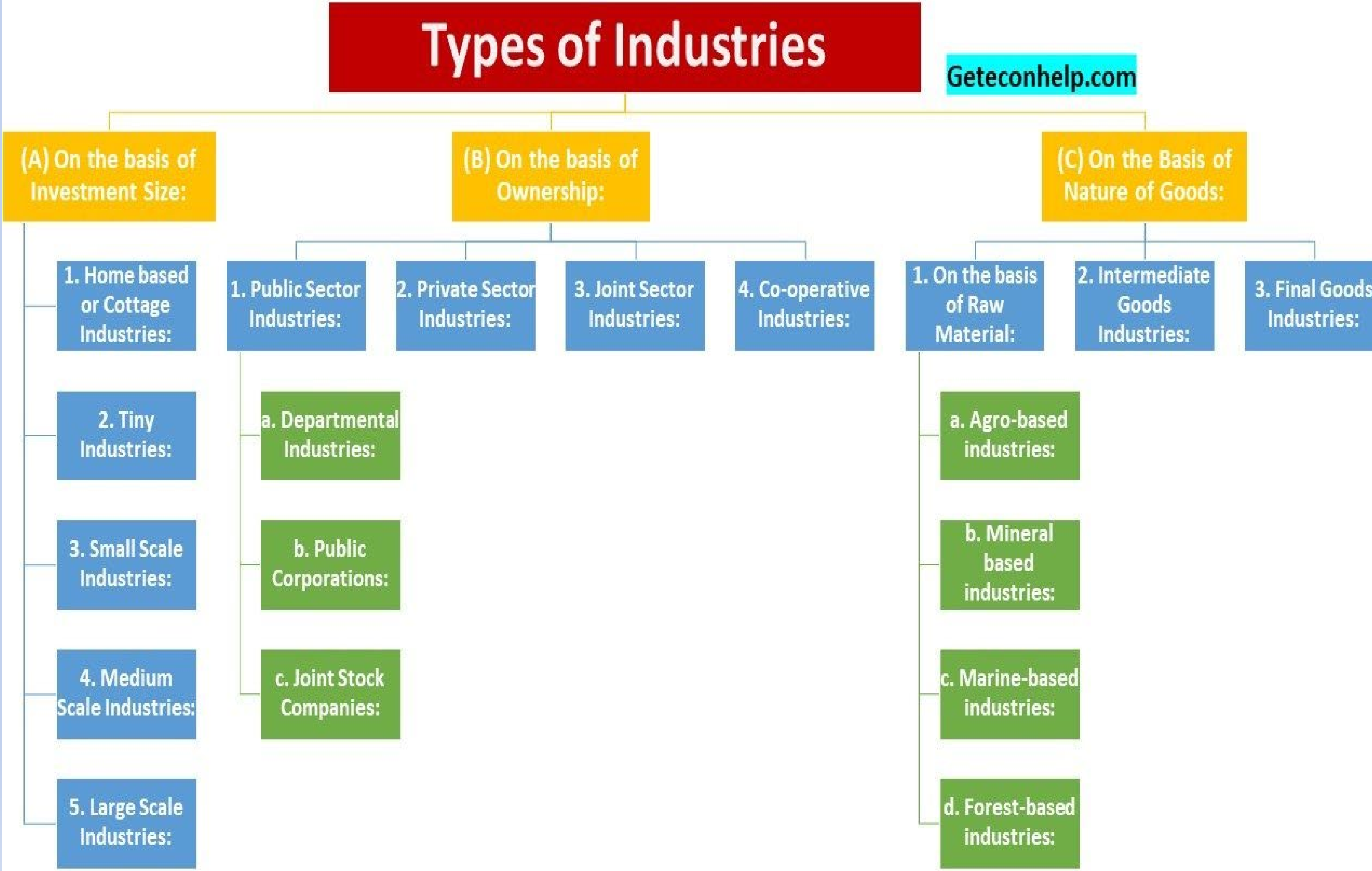
ICT consultant

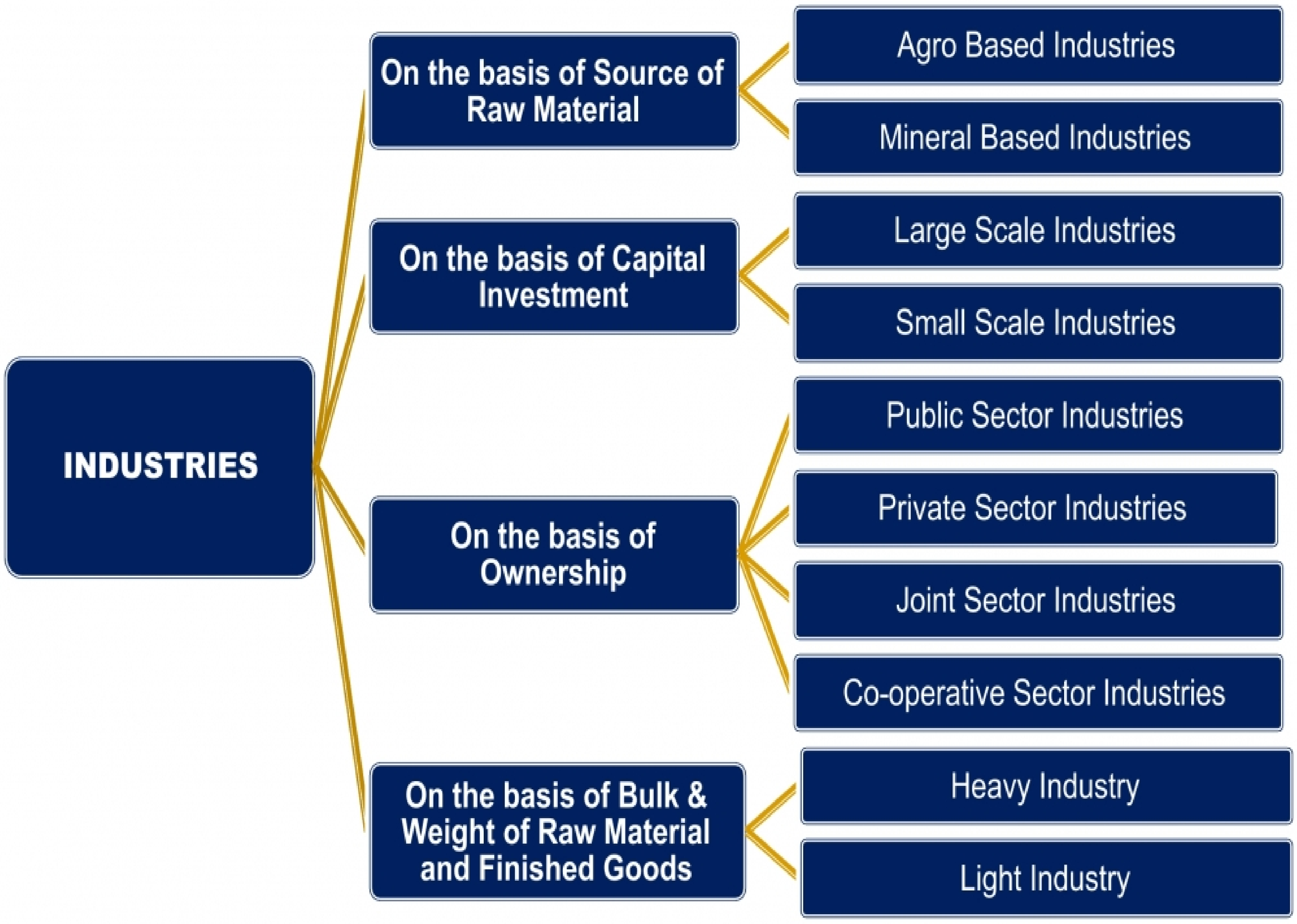
Scientific researcher

Medical researcher


Types of Business
Industry
Commerce
Primary Industries
Secondary Industries
Tertiary Industries
Trade
Auxiliaries to trade/aids to trade
iEduNote.com


INDUSTRY
Primary Industry
Secondary Industry
Tertiary Industry
Genetic Industry
Extractive Industry
Manufacturing Industry
Construction Industry
Analytical Industry
Synthetical Industry
Processing Industry
Assembling Industry


Types of Industries
Geteconhelp.com
(A) On the basis of Investment Size:
1. Home based or Cottage Industries:
2. Tiny Industries:
3. Small Scale Industries:
4. Medium Scale Industries:
5. Large Scale Industries:
(B) On the basis of Ownership:
1. Public Sector Industries:
a. Departmental Industries:
b. Public Corporations:
c. Joint Stock Companies:
2. Private Sector Industries:
3. Joint Sector Industries:
4. Co-operative Industries:
(C) On the Basis of Nature of Goods:
1. On the basis of Raw Material:
a. Agro-based industries:
b. Mineral based industries:
c. Marine-based industries:
d. Forest-based industries:
2. Intermediate Goods Industries:
3. Final Goods Industries:


INDUSTRIES
On the basis of Source of Raw Material
Agro Based Industries
Mineral Based Industries
On the basis of Capital Investment
Large Scale Industries
Small Scale Industries
On the basis of Ownership
Public Sector Industries
Private Sector Industries
Joint Sector Industries
Co-operative Sector Industries
On the basis of Bulk & Weight of Raw Material and Finished Goods
Heavy Industry
Light Industry

How can industrial activity be classified?

There are many different types of industry. We can classify industry into three main categories:

Primary

These industries extract raw materials directly from the earth or sea.

Secondary

These industries process and manufacture products from raw materials.

Tertiary

These industries provide a service.

What is industry?

Types of industry

Primary industry

Mining

Use materials found in nature

Secondary industry

Textile industry

Process raw materials or finished
into va
prod

Tertiary industry

Transport

Quaternary industry

Research

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mation,
ation,
tion
ansmission

Can you name three more examples for each type of industry?

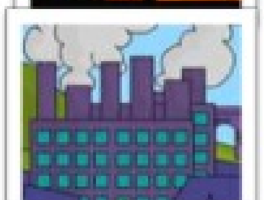
Sectors of Industry

Although there are hundreds of different jobs or occupations, they can all be classified into 4 categories:

Primary

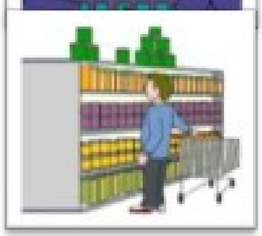
Working with or the extraction of natural resources e.g. Farming, mining or forestry

Secondary



Making things either by manufacturing or construction e.g Nissan Car manufacturing

Tertiary



This type of industry provides services. These include commercial services (Shops), Professional (Solicitors), Social (School teacher), entertainment (restaurants), Personal (Hairdressers)

Quaternary

This is a new sector and is linked to ICT and research development (Genetics Researcher)

Types of industry

There are four main types of industry and these can be classified as:

1. **PRIMARY INDUSTRY** – this is the extraction of raw materials and mining, fishing, crop collecting and quarrying all fall under this category.

2. **SECONDARY INDUSTRY** – This is the manufacturing of raw materials into a product e.g. Turning a potato into a crisp.

3. **TERTIARY INDUSTRY** – this type of industry provides a service e.g. Police force, ambulance crew, shop keeping.

4. **QUATERNARY INDUSTRY** – involves a small group of research and development industries. This is the newest and most rapidly growing industry due to the introduction of newer technologies.

Sectors of the Economy

Primary (raw materials)	Extraction of raw materials
	Farming/fishing
Secondary (finished goods)	Manufacturing
	Utilities - electricity, gas
	Construction
Tertiary (service sector)	Retail
	Financial services
	Communication
	Hospitality and leisure
	Real estate
	Information technology
Quaternary	Education
	Public sector
	Research and development

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CONCEPT OF START-UPS

- The term "startup" has gained a lot of popularity these days.
- More and more individuals are interested in becoming entrepreneurs and therefore open their own business. Therefore, there are also more entities interested in helping new businesses.
- Although its presence in today's society is notorious (famous or well known), this concept still raises some uncertainty about what it really means and what it represents.
- The first thing you must understand about startup is that there is no precise definition about this concept, since this meaning is quite comprehensive.

- "A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed".
- Although this statement is correct, it does not define the whole philosophy behind this concept.
- For this reason, the following **set of features** that all startups have in common.

(i) INNOVATION

- A business this type need to have differentiator competition in order to gain competitive advantage in the market.
- It is innovation may be present in their products or in the business model associated with company.
- A innovation plays an essential role in the success of a startup, so all entrepreneurs should seriously consider this aspect.

(ii) AGE

- An startup is new company which is still in early stages brand management, sales and hiring employees.
- Too often the allocation of this concept to Business who have been on the market for less than 3 years, however, this is not true. That is, one company You can have 7 years and is still a startup.
- Stop being a startup it depends not only on your age but on a specific set of features.

(iii) FLEXIBILITY

- An startup is very dynamic and ready to adapt to the adversities that may arise. Due to the need for validation of your business idea, these Business need to be ready to tailor their product to meet customer requirements.
- This feature It is also present in the business model as there is a need to find a sustainable business model.

(iv) GROWTH

- An startup is company whose goal is grow and expand rapidly, taking up to sometimes drastic proportions. This is one of the points that distinguished startup a Small business.

(v) RISK

- Once a startup It has shed innovative strongly present, there are always several associated uncertainties about ensuring the success of the business.
- For this reason, these Business are considered risk investments with a high failure rate.

(vi) SCALABILITY

- An startup is company in constant search of a business model that is scalable (able to climb) and repeatable, that is, it can grow without the need to increase human or financial resources.

(vii) SOLVING A PROBLEM

- Associated with your shed innovative, this Type of company focuses on solving any existing problem in the market.
- So they focus on making a difference not only in the market place but also in people's lives through your product or service.

(viii) WORK TEAM

- These Business they are usually made up of very few people. Although not the only determining factor for the designation of startup. It is quite common to define it in your working team there less than 100 people.
- In short, we can consider that a startup is a company that is in the early stages of development in order to solve real-life problems through a product or innovative service.

TYPES OF STARTUP

- It is time to identify the various types of businesses that they can present.
- Due to the increased demand in this market, it is necessary that future entrepreneurs know that types of startups exist and in which your idea fits.
- According Steve Blank, a reputable entrepreneur of Silicon Valley,
- there are 6 different types of startups:

1) Lifestyle Startup
2) Small businesses Startup
3) Scalable Startups
4) Buyable Startups
5) Large company startups
6) Social startups

(1) LIFESTYLE STARTUPS :

- founded by entrepreneurs.
- They are working for themselves what else they like.
- Examples of these are freelancers or web designers who have passion for their work.

(2) SMALL BUSINESS STARTUPS :

- Small business where the owner follows less ambitious goals, to provide only a comfortable life for his family.
- Examples of these are hairdressing salons, grocery stores, bakeries, among others.

(3) SCALABLE STARTUPS :

- founded by entrepreneurs, who believe from the beginning that can change the world with their business idea and therefore worry about finding a model scalable (to climb)and repeatable business in order to draw the attention of investors to boost your business.
- Examples of these are Google, Uber and Facebook.

(4) BUYABLE STARTUPS :

- These Business they are born with the goal of being sold to large companies after achieving positive results that catch their attention.
- This one type startup It is very common in web solutions development companies and mobile.
- An example of this was the purchase of Instagram by Facebook.

(5) LARGE COMPANY STARTUPS :

- These Business, They have the main objective of innovation and have a limited duration of life.
- At Business fall into this category develop products or services that revolutionaries become quickly recognized by the market.
- However, due to market changes, the user preferences, competitive pressures, these Business They tend to create new innovative products for new users of different markets.

(6) SOCIAL STARTUPS :

- Finally, there Business whose entrepreneurs They want to make a difference in society and make a better world.
- Thus, the main objective is not to gain profit, but rather to contribute positively to the community.
- One example is the charity or charitable institutions.

ENTREPRENEURIAL SUPPORT AGENCIES

(1) DISTRICT INDUSTRIES CENTRES (DICS)

- Provides full assistance to the entrepreneurs who are going to start the business on their own and in their regional places.
- These centers provide service and support to small entrepreneurs under a single roof at both pre and post investments.
- Started on May 1st in the year of 1978 with a view to providing integrated administrative framework at the district level for promotion of small scale industries in rural areas.
- Implementing arm of the central and state governments of the various schemes and programmes.
- Registration of small industries is done at the district industries centre (DIC) and PMRY (Pradhan Mantri Rojgar Yojana) is also implemented by DIC.
- A total of 640 Districts as per the census of 2011.

OBJECTIVES OF DISTRICT INDUSTRIES CENTERS (DICS)

- The following are the main objectives of DICs:

i. To identify the new entrepreneurs and providing assistance to them regarding their own startup’s.
ii. To provide financial and other facilities to smaller blocks.
iii. To rise the complete efforts for industrialization at district level.
iv. To enhance the rural industrialization and also the development of handicrafts.
v. To reach economic equality in multiple areas of the district.
vi. To allow various government schemes to the new entrepreneurs.
vii. To desize (remove size) the regional imbalance of development.
viii. To make all the necessary facilities to come under one roof.

FUNCTIONS OF DIC

(i) Identification of Entrepreneurs:

- DIC develops new entrepreneurs by conducting entrepreneurial motivation programmes throughout the district especially in Panchayat Union Headquarters and small towns.

(ii) Selection of Projects:

- DIC offers technical advice to new entrepreneurs for the selection of projects suitable to them.

(iii) Provisional Registration under SSI:

- After the selection of projects, entrepreneurs are issued with provisional SSI Registration which is essential for obtaining, assistance from the financial institutions.

(iv) Purchase of Fixed Assets:

- DIC sponsors the loan applications to TIIC (Tamil Nadu Industrial Investment Corporation Limited), SIDBI (Small industrial Development Bank of India) and banks for the purchase of land and buildings, anti sanctions margin money under Rural industries Project Loan Scheme payable to other financial agencies for the purchase of plant and machinery.

(v) Interest-Free Sales Tax Loan:

- SSI units set up in rural areas can get IFST (Institute of Food Science and Technology) Loan up in a maximum limit of 8% of the total fixed assets. But the sanction order from the same is being issued by DIC.
- The DIC also recommends the SSI units to NSIC (National Small Industries Corporation) for registration for Government Purchase Programme.

(vi) Assistance to Village Artisans and Handicrafts:

- DIC arranges for the financial assistance with the lead bank or nationalised banks of the respective areas.

(vii) Assistance to Raw Material Supplies:

- It makes necessary recommendations to the concerned raw materials suppliers and issues the required certificates for the import of raw materials and machinery wherever necessary.

(viii) Subsidy Schemes:

- DIC assists SSI units and rural artisans to get subsidies such as power subsidy, interest subsidy for engineers, subsidy under IRDP (Integrated Rural Development Program), etc., from various institutions.

(ix) Training Programmes:

- DIC gives training to rural entrepreneurs and also assists other units giving training to small entrepreneurs.
- **Self-employment for Unemployed Educated Youth:**
- This scheme was introduced in 1983-84 for youths between 18 years and 25 years with SSLC (Secondary School Leaving Certificate), Technocrats and women are given preference.

Resources For District Industries Centers (DICs)

- Funding assistance is provided by the Government of India for District Industries Centre in the following manner:

1. A non-recurring grant up to Rs.2 lakh for the construction of an office building.

2. A non-recurring grant up to Rs.3 lakh to meet the expenditure on furniture and fixtures, office equipment and vehicles.

3. Recurring establishment expenditure to the extent of 75% of the actual expenditure, bounded up to Rs.3.75lakhs.

ACTIVITIES OF DISTRICT INDUSTRIES CENTRE (DICs)

- The DIC's performs the following activities primarily:
- Economic Investigation.
- Plant and Machinery.
- Research, education and training.
- Raw materials.
- Credit facilities.
- Marketing assistance.
- Cottage industries.

- The SSI sector became a part of MSME, with the emergence of The Micro, Small and Medium Enterprises Development Act in June 2006, things are set to change for Micro, Small and Medium Enterprises (MSMEs).
- Classification according to Manufacturing (Investment in Plant & Machinery) Service (Investments in Equipment)

Manufacturing Sector	
Enterprises	**Investment in plant and machinery**
Micro enterprises	< or = Rs 25 lakh
Small enterprises	> Rs 25 lakh, < Rs 5 crore
Medium enterprises	> Rs 5 crore, < Rs 10 crore

Service Sector	
Enterprises	**Investment in equipment**
Micro enterprises	< or = Rs 10 lakh
Small enterprises	> Rs 10 lakh, < Rs 2 crore
Medium enterprises	> Rs 2 crore, < Rs 5 crore

- Small Scale Industries (SSIs), Small Industries Service Institute (SISI), MSME - Development Institute, (MSME-DI) (Formerly Known as Small Industries Service Institute) maintains a close liaison with the State Industries Department, Financial Institutions, Voluntary Organizations and other agencies concerned with the entrepreneurial development.
- There are 28 SISI's and 30 branches of SISI's are set up all over the country.

Functions of SISI :

- Serve as an interface between central and state governments.
- Rendering technical support services.
- Conducting EDP's.
- Initiating Promotional Programs.
- It maintains an effective linkage is maintained with DIC’s for providing the techno-economic and managerial consultancy.

(2) National Small Industries Corporation Limited (NSIC)

- is a Mini Ratna PSU established by the Government of India in 1955.
- It falls under Ministry of Micro, Small & Medium Enterprises (MSME) of India.
- NSIC is the nodal office for several schemes of Ministry of MSME such as Performance & Credit Rating, Single Point Registration, MSME Databank, National SC ST Hub, etc.
- Government of India to promote small and budding entrepreneurs of post independent India, decided to establish a government agency which can mediate and provide help to Small Scale Industries (SSI).

MISSION and VISION of NSIC

Vision: To become a leading organization fostering the growth of MSMEs Sector in India.

Mission: To support and promote MSMEs Sector by providing combined support services encircling Finance, Marketing, Technology and other Allied Services.

SCHEMES OF NSIC

- National Small Industries Corporation facilitates MSMEs with specially tailored scheme to build and improve their competitiveness.
- National Small Industries Corporation provides complete integrated services under Finance, Marketing, Technology and another allied Support service.

FUNCTIONS OF NSIC:

- NSIC provides a wide range of services, predominantly promotional in character, to small-scale industries.

Its main functions are to:

a. Provide machinery on hire-purchase scheme to small-scale industries.

b. Provide equipment leasing facility.

c. Help in export marketing of the products of small-scale industries.

d. Participate in bulk purchase programme of the Government.

e. Develop prototype of machines and equipments to pass on to small-scale industries for commercial production.

f. Distribute basic raw material among small-scale industries through raw material depots.

g. Help in development and up-gradation of technology and implementation of modernization programmes of small-scale industries.

h. Impart training in various industrial trades.

i. Set up small-scale industries in other developing countries on turn-key basis.

j. Undertake the construction of industrial estates.

- NSIC carries forward its mission to assist small enterprises with a set of specially tailored schemes designed to put them in competitive and advantageous position.
- The schemes comprise of facilitating marketing support, credit support, technology support, and other support services.

The units registered under this scheme get the following facilities:

a. Issue of tender sets free of cost.

b. Advance intimation of tenders issued by DGS&D.

c. Exemption from payment of earnest money.

d. Waiver of security deposit up to the monetary limit for which the unit registered.

e. Issue of competency certificate in case the value of an order exceeds the monetary limit, after due verification.

The major areas of operation are:

a. Exports of products such as handicrafts, leather items, hand tools, pipes/ fittings, builders' hardware etc.

b. Supply of small industry products on turnkey basis.

The salient features of the scheme are:

a. Financial assistance for procurement of raw materials up to 90 days.

b. Bulk purchase of basic raw materials at competitive rates.

c. NSIC facilitates import of scarce raw materials.

d. NSIC takes care of all the procedures, documentation & issue of letter of credit in case of imports.

NSIC offers small enterprises the following support services through its Technical Services Centers and Extension Centres:

a. Advising on application of new techniques.

b. Material testing facilities through accredited laboratories.

c. Product design including CAD.

d. Common facility support in machining, EDM, CNC, DNC etc.

e. Energy and environment services at selected centres.

f. Classroom and practical training for skill up gradation.

(3) THE ODISHA SMALL INDUSTRIES CORPORATION LTD. (OSIC)

- OSIC was established on 3rd April, 1972 as a wholly owned Corporation of Government of Odisha.
- The basic objective of the Corporation is to aid, assist and promot the MSMEs in the State for their sustained growth and development to gear up the industrialization process in the State.
- Although there are a number of other State Corporations looking after various aspects of industrial development, yet this is the only Corporation in the State exclusively engaged in the development of the MSMEs which form the back bone of industrial sector in the state.
- The Odisha Small Industries Corporation Ltd. (OSIC) is a Government of Odisha's Silver Category profit making PSU with annual turnover of more than 550.00 Crore in the financial year 2015-16 and earned a net profit of Rs. 6.90 Crore (provisional).

- It is an ISO-9001-2008 certified Govt. of Odisha Undertaking.
- The Corporation functions under the administrative control of MSME Department, Govt. of Odisha.

OSIC is working with the following mandates.

i. To provide quality raw material to MSMEs of the State.
ii. To provide quality building material to MSME Sector.
iii. To assist in marketing the products of the MSME Sector.
iv. To act as syndicate leader of MSMEs as per the IPR of the Govt. of Odisha.
v. To act as a Nodal Agency for Sub-contract exchange for MSME Sector and Large Industries.

VISION

- To aid, assist and promote the MSMEs of the State as per Government mandate.


THE ODISHA SMALL INDUSTRIES CORPORATION LTD.
OSIC
Progress through Entrepreneurship
Progress through Entrepreneurship
THE ODISHA SMALL INDUSTRIES CORPORATION LTD

MISSION

- To provide quality raw material to MSME Sector.
- To provide marketing assistance to MSME Sector.
- To market the MSMEs produces by creating common brand name with quality assurance.

COMMERCIAL DIVISION

- OSIC started sale of raw material in the year 1972 with a view to supply quality raw material to MSMEs of the State under one umbrella at reasonable price to optimize their growth.
- As a nodal agency of Govt. of Odisha, OSIC deals with various scares raw material manufactured by SAIL, TISCO, IISCO, IOCL,HPCL and other manufactures to cater the need of MSME sector through its 12 Branch offices & Dealer's net work spread all over the State.

- The Commercial Division has been able to increase the stature of raw material business over the foregoing years and has achieved a turnover of more than Rs. 400 Crore per annum as compared to a modest business of Rs. 1.00 Crore during its inception in the year 1972.
- Initially, it has managed to extend raw material support to MSMEs with the active support of State Govt., assured market and policy of control regime.
- In the post decontrol scenario, the sale of Iron & Steel materials by OSIC, withstands the setback (incredibly motivating) caused due to globalization, privatization & steep competition.
- It has the proud privilege of being associated with brand leaders like TISCO, SAIL, RINL, IOCL, HPCL, and HINCOL in rendering raw material support to the MSMEs and other users.
- Considering Government focus on rural development by connecting the road of remote villages/blocks, with State Highways to the State Capital.
- OSIC has been declared as nodal agency for distribution and supply of bitumen/Emulsion products of reputed brands like IOCL, HPCL & HINCOL to its valued customers.

(4) Small Industries Development Bank of India (SIDBI)

- The SIDBI (Small Industries Development Bank of India) is a wholly owned subsidiary of IDBI (Industrial Development Bank of India), established under the special Act of the Parliament 1988 which became operative from April 2, 1990.
- SIDBI was made responsible for administering Small Industries Development Fund and National Equity Fund that were administered by IDBI before.
- SIDBI is the Primary Financial Institution for promoting, developing and financing MSME (Micro, Small and Medium Enterprise) sector.
- Besides focusing on the development of the Micro, Small and Medium Enterprise sector, SIDBI also promotes cleaner production and energy efficiency.

- **SIDBI helps MSMEs in acquiring the funds they require to grow, market, develop and commercialize their technologies and innovative products.**
- **The bank provides several schemes and also offers financial services and products for meeting the individual's requirement of various businesses.**

Finance Facilities Offered by SIDBI

Small Industries Development Bank of India (SIDBI), offers the following facilities to its customers:

1. Direct Finance

- **SIDBI offers Working Capital Assistance, Term Loan Assistance, Foreign Currency Loan, Support against Receivables, equity support, Energy Saving scheme for the MSME sector, etc.**

2. Indirect Finance

- SIDBI offers indirect assistance by providing Refinance to PLIs (Primary Lending Institutions), comprising of banks, State Level Financial Institutions, etc. with an extensive branch network across the country.

- The key objective of the refinancing scheme is to raise the resource position of Primary Lending Institutions that would ultimately enable the flow of credit to the MSME sector.

3. Micro Finance

- Small Industries Development Bank of India offers microfinance to small businessmen and entrepreneurs for establishing their business.

FUNCTIONS of SIDBI

(Small Industries Development Bank of India)

1. Small Industries Development Bank of India refinances loans that are extended by the PLIs to the small-scale industrial units and also offers resources assistance to them.

2. It discounts and rediscounts bills.

3. It also helps in expanding marketing channels for the products of SSI (Small Scale Industries) sector both in the domestic as well as international markets.

4. It offers services like factoring, leasing etc. to the industrial concerns in the small-scale sector.

5. It promotes employment oriented industries particularly in semi-urban areas for creating employment opportunities and thus checking relocation of people to the urban areas.

6. It also initiates steps for modernisation and technological up-gradation of current units.

7. It also enables the timely flow of credit for working capital as well as term loans to Small Scale Industries in cooperation with commercial banks.

8. It also co-promotes state level venture funds.

BENEFITS OF SIDBI

1. Custom-made

- SIDBI policies loans as per the requirements of your businesses.
- If your requirement doesn't fall into the ordinary and usual category, Small Industries Development Bank of India (SIDBI) would assist funding you in the right way.

2. Dedicated Size

- **Credit** and **loans** are modified as per the size of the business. So, **MSMEs** could avail **different types of loans** custom-made for suiting their business requirement.

3. Attractive Interest Rates

- It has a **tie-up** with **several banks** and **financial institutions** world over and could offer **concessional interest rates.**
- The **SIDBI** has **tie-ups** with **World Bank** and the **Japan International Cooperation Agency.**

4. Assistance

- It not just give provides a loan, it also offers **assistance** and **much-required advice**.
- It's relationship managers assist entrepreneurs in making the **right decisions** and offering **assistance till loan process ends.**

5. Security Free

- Business persons could get up to **INR 100 lakhs without providing security.**

6. Capital Growth

- Without tempering the ownership of a company, the entrepreneurs could acquire adequate capital for meeting their growth requirements.

7. Equity and Venture Funding

- It has a subsidiary known as SIDBI Venture Capital Limited which is wholly owned that offers growth capital as equity through the venture capital funds which focusses on MSMEs.

8. Subsidies

- SIDBI offers various schemes which have concessional interest rates and comfortable terms.
- SIDBI has an in-depth knowledge and a wider understanding of schemes and loans available and could help enterprises in making the best decision for their businesses.

9. Transparency

- Its processes and the rate structure are transparent. There aren’t any hidden charges.

(5) National Bank for Agriculture and Rural Development (NABARD)

- NABARD is an apex development financial institution in India, headquartered at Mumbai with regional offices all over India.
- The Bank has been entrusted with "matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India".
- NABARD is active in developing financial inclusion policy.
- National Bank for Agriculture and Rural Development (NABARD) was approved by the Parliament through Act 61 of 1981.
- It was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on 05 November 1982.

VISION of NABARD

- Development Bank of the Nation for Fostering (to promote the growth or development of) Rural Prosperity.

MISSION of NABARD

- Promote sustainable and equitable agriculture and rural development through participative financial and non-financial interventions, innovations, technology and institutional development for securing prosperity.

FUNCTIONS OF NABARD /(WHAT NABARD DO)

FINANCIAL

(A) DIRECT FINANCE

1) Loans for Food Parks and Food Processing Units in Designated Food Parks
2) Loans to Warehouses, Cold Storage and Cold Chain Infrastructure
3) Credit Facilities to Marketing Federations
4) Rural Infrastructure Development Fund
5) Direct Refinance to Cooperative Banks
6) Supporting Producer Organisations
7) More Direct Finance
8) Alternative Investment Funds
9) Long Term Irrigation Fund
10) Pradhan Mantri Aawas Yojana - Grameen (PMAY-G)
11) Swachh Bharat Mission-Gramin (SBM-G)
12) Micro Irrigation Fund

(B) REFINANCE

1) Short Term Refinance
2) Long Term Refinance
3) Eligible schemes for Refinance under Off Farm Sector

- Our initiatives are aimed at building an empowered and financially inclusive rural India through specific goal oriented departments which can be categorized broadly into three heads:
- (i) Financial, (ii) Developmental and (iii) Supervision.
- Through these initiatives we touch almost every aspect of rural economy.
- Over the years our initiatives have touched millions of rural lives across the country.
- Our milestone achievements have been India's achievements as well.

- From providing refinance support to building rural infrastructure; from preparing district level credit plans to guiding and motivating the banking industry in achieving these targets; from supervising Cooperative Banks and Regional Rural Banks (RRBs) to helping them develop sound banking practices and onboarding them to the CBS platform; from designing new development schemes to the implementation of GoI's development schemes; from training handicraft artisans to providing them a marketing platform for selling these articles.
- The SHG Bank Linkage Project launched by NABARD in 1992 has blossomed into the world's largest micro finance project.
- Kisan Credit Card, designed by us has become source of comfort for crores of farmers.
- We have financed one fifth of India's total rural infrastructure.
- We were pioneers in the field of watershed development as a tool for sustainable climate proofing.

GOVERNMENT SPONSORED SCHEME

FARM SECTOR

1) Dairy Entrepreneurship Development Scheme
2) Capital Investment Subsidy Scheme for Commercial Production Units for organic/ biological Inputs
3) Agriclinic and Agribusiness Centres Scheme
4) National Livestock Mission
5) GSS – Ensuring End Use of Subsidy Released
6) Interest Subvention Scheme
7) New Agricultural Marketing Infrastructure
8) Formulation of Special Long Term Refinance Schemes

- The Government of India encourages farmers in taking up projects in select areas by subsidizing a portion of the total project cost.

- All these projects aim at enhancing capital investment, sustained income flow and employment areas of national importance.
- NABARD has been a proud channel partner of the Government in some of these schemes shown in this section.
- Subsidy as and when received from the concerned Ministry is passed onto the financing banks.

i. Dairy Entrepreneurship Development Scheme
ii. Commercial production units of organic inputs
iii. Agriclinic and Agribusiness Centres Scheme
iv. National Livestock Mission
v. GSS (Global Standards Screening) – Ensuring End Use of Subsidy Released
vi. Interest subvention Scheme
vii. Formulation of Special Long Term Refinance Schemes

(6) National Research Development Corporation (NRDC)

- The National Research Development Corporation (NRDC), is a Public Sector Enterprise (PSE) functioning under the administrative control of Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, was established in 1953 as a Section 25 company under the Indian Companies Act as a sole technology transfer organization by the Government of India,
- with the primary objective of promotion, development and commercialization of technologies / know-how / inventions / patents / processes emanating from various national R&D institutions / Universities and is presently working under the administrative control of the Dept. of Scientific & Industrial Research, Ministry of Science & Technology.

VISION of NRDC

- To be a leading Technology Transfer Organization in India.

MISSION of NRDC

- To promote, develop, nurture (expressing idea of experience and learning) and commercialize innovative, reliable and competitive technologies from R & D institutes through value addition and partnership.
- To sensitize R&D institutions and industry about technologies that needs to be developed and commercialized.

FUNCTION and DUTIES of NRDC

- The activities of the **NRDC** are given below:-

❑ COMMERCIAL

❖ Development and Commercialization of Technologies

a) Technical evaluation of the technology.
b) Licensing of technologies to companies and end user organizations.
c) Providing grants for development of Technologies to R&D laboratories for setting up pilot plants to validate or scale-up laboratory processes prior to commercialization.
d) Participation in equity of early stage ventures.
e) Intellectual Property Rights (IPR) consultancy to R&D Institutes and Corporates.
f) Export of Indian technologies / know-how and services.
g) Execution of turnkey projects abroad based on indigenous technologies.

❑PROMOTIONAL

❖Promotion and commercialization of Inventions

a) Awarding meritorious inventions.
b) Assisting inventors in patenting and commercializing their inventions.
c) Popularization of science highlighting inventions by bringing out magazines “Invention Intelligence” (bi-monthly) in English and “Awishkar” (monthly) in Hindi.
d) Promotion & Development of Household & Rural Technology.
e) To identify, prove and demonstrate selected rural & household technologies.
f) Assisting in commercialization of selected rural & household technologies.
g) Assisting inventors in patenting and commercializing their inventions.

❖ Promotion of Export of Technology

a) Projecting India as a source of technology.
b) Providing Patent Protection to promote export of major Indian products & technologies by filing patents abroad.
c) Participation in international exhibitions, workshops, seminars, symposia.
d) To prepare catalogues, brochures, multimedia CDs of the technologies suitable for export.
e) Carry out Knowledge Management System (KMS), wherein a group of experts evaluate the technologies and suggests further modifications for value-addition to technologies in order to make them more competitive in the domestic / international market.
f) To prepare feasibility reports and basic engineering design packages for the facilitation of licensees.

❖ Dissemination of Information on Technology Transfer

a) Providing information on indigenous and foreign technologies to industry.

b) Organizing training programs related to Technology Development and Transfer.

c) Participating in exhibition, publishing periodicals, arranging audiovisuals to popularize indigenous technologies, both at home and abroad.

d) The Corporation during its operation over the last 50 years has transferred hundreds of technologies to several thousands of entrepreneurs/industries.

e) The Corporation has transferred technologies in almost all sectors of science ranging from Agriculture, Agro and Food, Chemical and Fertilizer, Building materials, electrical and electronics, Mechanical, Drugs & Pharmaceuticals, Bio-technology etc.

- Although the Corporation was set up to commercialize the technologies generated by public funded Research Institutes mainly CSIR (Council of Scientific & Industrial Research), it realized the importance of the technologies developed by the various universities/technical institutes, Corporate R&D Centres of both private and public sectors, Industry Research Associations, Research Institutes of Central & State Governments, other Ministries, etc.
- The Corporation's continued efforts to export Indian technologies and services has enabled to export the technologies to entrepreneurs both in the developed as well as the developing countries like USA, Germany, Malaysia, Burma, Nepal, Senegal, Indonesia, Madagascar, Philippines, Vietnam, Sri Lanka, Kenya, Brazil and Bangladesh etc.
- Its cumulative efforts yielded signing of about 4500 license agreements from nearly 2000 technologies assigned to it.

(7) The Khadi and Village Industries Commission (KVIC)

- is a statutory body formed by the Government of India, under the Act of Parliament, 'Khadi and Village Industries Commission Act of 1956'.

- It is an apex organisation under the Ministry of Micro, Small and Medium Enterprises (MSME), with regard to khadi and village industries within India, which seeks to - plan, promote, facilitate, organic and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary.

(8) The Technology Business Incubator (TBI-NITC)

- **TBIs are instruments that provide incubation to help usher (a person who escorts people) the wider proliferation (many variations of the same products) of innovative tech-driven enterprises.**
- **They are recognised and funded by the DST (Department of Science and Technology) and MHRD (Ministry of Human Resources and Development).**
- **was set up by the National Institute of Technology Calicut (NITC) and is located at Kettangal, in Kozhikode district, India.**
- **It is supported by the National Science and Technology Entrepreneurship Development Board (NSTEDB), Department of Science & Technology, Govt. of India, to incubate start-up industries in Information Technology (IT) and electronics.**

(9) Science & Technology Entrepreneurs Park (STEP)

- Programme was initiated to provide a re-orientation in the approach to innovation and entrepreneurship involving education, training, research, finance, management and the government.

- A STEP creates the necessary climate for innovation, information exchange, sharing of experience and facilities and opening new avenues for students, teachers, researchers and industrial managers to grow in a trans-disciplinary culture.
- These parks create an atmosphere where the main idea is to help "job seekers to become job creators". STEPs form a collaboration between academic institutions and select industries through idea sharing, experience, knowledge, facilities, and rapid transfer of tech.

Specialised Entrepreneurship Development Agencies

- The Government has set up various centres or institutes to impart training and development to entrepreneurs, so as to improve their knowledge, attitudes, and skills.
- For the development of entrepreneur a number of specialized agencies have been set up by the state and central governments which are as follows:

1) Small Industries Service Institutes (SISI)
2) Small Industries Development Organisations (SIDO)
3) National Small Industries Corporation (NSIC)
4) Small Industries Extension Training Institute.
5) Entrepreneurship Development Institute of india (EDII)
6) Institute for Rural Management and Adminstration
7) National Institute for Entrepreneurship and Small Business Development (NIESBUD)
8) National Alliance of young entrepreneurs (NAYA)

A. Institutions set up by Central Government

1. Small industries development organization (SIDO)

2. Management development Institute(MDI)

3. Entrepreneurship development institute of India (EDI)

4. All India Small Scale Industries Board(AISSIB)

5. National Institution of Entrepreneurship and Small Business Development(NIESBUD),New Delhi

6. National Institute of Small Industries Extension Training

7. National Small Industries Corporation Ltd. (NSIC)

ASSIGNMENT

❖ **SHORT QUESTIONS:-**

Q.1. What do you understand by “Natural Resources” ? Gives its types.

Q.2. State and explain the Renewable and Non-renewable Resources.

Q.3. What are Fossil fuels ? Give examples.

Q.4. Write notes on the “problems of Natural Resources”.

Q.5. Discuss the environmental effects of Deforestation.

Q.6. Describes the benefits of Dams.

Q.7. What are effects of Mining ?

Q.8. Why is Water regarded as a precious resources ?

Q.9. What is Chipko Movement ?

Q.10. Differentiate between Surface water and Ground water.

Q.11. What are the consequences of over exploitation of Water ?

Q.12. Write notes on World Food problem in India.

Q.13. Explain Overgrazing.

Q.14. What do you mean by Bio-energy ?

Q.15. How you will differentiate Tidal and Ocean energy ?

Q.16. "Nuclear Power is the important source of energy", Comment on it.

Q.17. Write about Desertification in brief.

Q.18. Write about Non-Conventional energy sources.

Q.19. Write an essay on mineral wealth of India.

Q.20. What are the alternative services of energy ?

LONG QUESTRIONS:-

Q.1. Write an essay on “Natural Resources”.

Q.2. Explain Deforestation. Describe its causes and control measures.

Q.3. What are the India’s Resources ? Differentiate in to Surface and Ground Water.

Q.4. “It is said, that next World War will be on Water”, Comment upon the statement giving facts.

“Thank You”